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THE PRINCIPLES OF MONEY

APPLIED TO THE

PRESENT STATE of the COIN

OF

BENGAL:

Being an INQUIRY

Into the METHODS to be uſed for correcting the DEFECTS of the preſent CURRENCY; for ſtopping the DRAINS which carry off the COIN; and for extending CIRCULATION by the Means of PAPER-CREDIT.

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THE SECOND EDITION.

Compoſed for the Uſe of the Honourable the EAST-INDIA COMPANY.

By SIR JAMES STEUART, BART.

Ex malis moribus naſcuntur bonæ leges.

Printed in the Year M.DCC.LXXII.

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THE PRINCIPLES OF MONEY APPLIED TO THE PRESENT STATE of the COIN OF BENGAL, &c.

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THE Princes of Hindoſtan have in all ages conſidered the coining of money as an appendage of ſovereignty, as well as a branch of revenue.

The practice of giving arbitrary denominations to certain coins, beyond the proportion of their intrinſic value with reſpect to others, is an abuſe of very old ſtanding; and nothing can be more contrary to every principle, by which the precious metals have been adopted, as a meaſure for aſcertaining the worth, and as a medium of commerce, or an equivalent for all commodities.

From the moſt early accounts we have of the mercantile tranſactions of mankind, we find ſilver and gold, and even baſer metals, made uſe of as equi-

valents

valents for the purchaſe of goods. The proportion of the value of the equivalent was reckoned by the purity of the metal and maſs which it contained. It was not 'till in modern times, that princes attempted to ſet an arbitrary value or *denomination* upon coins, in conſequence of the impreſſion ſtruck upon them. This impreſſion was originally intended to aſcertain the fineneſs of the coin, as the balance aſcertained its weight; and it certainly muſt have appeared exceedingly abſurd at firſt, to find the weight of coins curtailed, while they continued to carry the very denominations of the ſtandard weights of the country where they circulated.

To reduce the Wincheſter buſhel to the contents of a drinking-glaſs, and to call a glaſs of wine a buſhel of wine, is not more abſurd, than to call by the term pound, what does not contain one ounce. From this abuſe has been introduced the confuſion which prevails every where in queſtions concerning money. From being the plaineſt of all regulations, money is become an almoſt inextricable ſcience. The purity of the nature of the precious metals, the permanency of their weight, and the great diviſibility of their ſubſtance, were the original inducements which mankind had for uſing them as money. Theſe three great and peculiar qualities inherent in their nature, have been totally defeated, by mixing them with alloy, by giving denominations to their weight which have no relation to weight; and by dividing the ſame ſpecies into different maſſes of the ſame value, as well as into equal maſſes of different values. In a word, it has required both art and ingenuity to deprive the metals of thoſe advantages, which ſimple nature had endowed them with for the convenience of mankind.

Let us therefore explode this crafty contrivance; let us reſtore to the metals their primitive functions, and the ſubject of money will become, once more, both ſimple and eaſy to be comprehended.

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For the better underſtanding of what is to follow, let me explain a few terms very commonly uſed, and not ſufficiently underſtood by thoſe who uſe them.

The terms I mean are theſe, *bullion*, *coin*, and *money*. By bullion, we underſtand ſilver or gold, the maſs or weight of which is not determined, though the fineneſs may be known by a particular ſtamp. Thus all uſeful or ornamental plate is bullion.

By coin, we underſtand pieces of gold or ſilver, of determinate weights and fineneſs. In propriety of language, a worn ſhilling ought no more to be called a coin, than any other bit of old ſilver.

By money, we underſtand nothing more than the denomination which determines a proportion of value.

The pounds, ſhillings, and pence, in a merchant's account; the pounds expreſſed in a bond, bill, or bank note, are all denominations of money, but they are not coin, any more than they are bullion.

From theſe definitions the ſubject of money will be eaſily explained, after we have ſhortly pointed out the uſe of it.

The uſe of money is to value goods, and to keep accounts clear between man and man.

We have ſaid that it conſiſts merely of denominations: Now theſe denominations keep as exact a proportion to one another as numbers can do; conſequently they are admirably fitted for expreſſing the proportion of the value of different things, and when, in conſequence of the contract of ſale, the property of

 any

any thing changes hands, the proportion of its value being expreſſed in denominations of money, the debt due by the buyer to the ſeller is aſcertained.

The next thing neceſſary is to fix and aſcertain the exact value of theſe denominations. This is the function of coin.

I have ſaid, that coin conſiſts of pieces of gold and ſilver, of determinate weights and fineneſs; now theſe weights and fineneſs muſt be as exact in their proportions to each other as the denominations of money themſelves; that is to ſay, as exact as the proportion of numbers. Coin made after this manner may then receive its denomination. But if ever, from any cauſe, a piece of coin ſhall loſe any part of its weight or fineneſs, from that moment it ceaſes to be coin, and becomes bullion, according to the definition we have given of it.

On the other hand, if ever the denomination of any coin be changed, without the coin's having received any alteration in its intrinſic value, then the value of the *denomination*, not the value of the *coin*, is changed of conſequence.

As long therefore as ſuch pieces of gold or ſilver preſerve their weight and fineneſs, they ought to retain the ſame denominations, and paſs current according to their denominations as *material money*.

While gold and ſilver, therefore, paſs by *denomination*, they are *money*; when they are valued by their *weight*, they are *bullion*. They are merchandiſe, but not money.

It may here be proper to explain the eſſential and characteriſing difference between theſe two kinds of money; that money which conſiſts of denominations only, and that money which has theſe denominations realized into gold or ſilver.

The firſt kind of money is either mere *reckoning*, or it is *credit*. The ſecond is *price*. The firſt, I ſay, is either *reckoning*, or it is *credit*. It is mere reckoning in all accounts; it is credit when expreſſed in obligations. A bank note is an obligation. When I pay with a bank note, I do no more than to ſubſtitute the credit of the Bank in the place of my own, in favour of the man to whom I give it. But as to material money, which I call *price*, the caſe is very different. When I pay in coin, I put the perſon in poſſeſſion of the real value of what I owe him. After this payment, he has no claim on me, or on any other perſon whatever.

Theſe I apprehend to be the invariable principles which regulate all money and all coin, and while they are adhered to, the value of money and of coin will remain as invariable as the nature of the metals will permit.

But the metals are incapable of realizing money with the mathematical exactneſs of numbers and denominations. This opens a new ſcene.

Coin cannot be made without expence, and this expence neceſſarily adds a value to the coin which is independant of the metal it contains. Upon this principle follows the ſuperior value of coin to bullion, of the ſame weight and fineneſs. It gets a value from coinage, becauſe it cannot exiſt *as money* without it; and if no perſon can coin but *one*, that *one* may put a value upon his coining, as any artiſt may put a value upon an art which he alone poſſeſſes, unrivalled by any other.

But the greateſt defect of material money, in point of mathematical exactneſs, proceeds from the rivalſhip between the metals themſelves. They have been adopted equally by mankind as a medium of commerce; by which term I mean *price*, or *an adequate equivalent for every thing which may be bought*. But as we

have

have laid it down as a principle, that the denominations of all coins ought to be in an exact proportion to the value of the metals they are made of; how can this exact proportion be preſerved if the metals themſelves be not ſtable in their value to each other? Let me explain this matter by an example, which frequently conveys an idea with more clearneſs than any reaſoning can do.

It has been long the cuſtom in India to coin gold and ſilver into pieces of the ſame weight, and the ſame fineneſs. Let me call, for the ſake of an example, theſe gold and ſilver coins by the name of rupees; and let me ſuppoſe, that the gold rupees paſs in circulation for 14 ſilver rupees, or that the proportion of the metals is as 14 is to 1.

Let me ſuppoſe, that a maſter gives to his ſhroff 1400 rupees a year for his ſalary; and that in making payment to him he ſometimes pays him in 1400 ſilver rupees, and ſometimes in 100 gold rupees. Let me ſuppoſe, that the price of gold ſhall riſe in ſuch a way in the market, as that it may require 15 ſilver rupees to purchaſe as much gold as is contained in one gold rupee. The maſter upon this begins to pay his ſhroff's ſalary in ſilver only. The ſhroff complains that he is not paid ſometimes in gold: Says the maſter, don't you receive your ſalary of 1400 rupees, as I promiſed you? Why do you wiſh that I ſhould pay you in gold? Nobody, of late, has made any payments to me in gold; and I cannot pay, but with the money I receive. But pray, Mr. Shroff, adds the maſter, what advantage would you reap were I to pay you in gold as formerly? Why, ſir, were you to pay me in gold, I ſhould melt it down, and with one gold rupee I ſhould buy 15 ſilver rupees in the market; ſo you ſee I loſe one rupee upon every fourteen I get from you in ſilver coin. Why, ſir, this would be roguery, ſays the maſter. By no means, ſir, replies the ſhroff; you know we have been told, that the *denominations* of gold and ſilver coin ſhould be exactly in proportion *to their value as metals.* Now you cannot ſay that the

fourteen

fourteen ſilver rupees you gave me, are any more worth a gold rupee, ſince you know that *that* gold coin will ſell, when melted down, for fifteen ſilver rupees. There is no help for that, ſays the maſter, you know I give you the value of your ſalary, when I pay you in ſilver: Alas, ſir, I know the contrary, ſays the ſhroff; but I cannot complain of you; you pay me as other people pay you; but both of us are loſers, becauſe ſilver rupees are no more of the ſame value they were, and as they will now buy leſs gold than formerly, ſo likewiſe will they buy leſs of any thing that comes to market. I can hardly believe that, ſays the maſter. You may go to market yourſelf, ſays the ſhroff, and ſee whether you will not get a better bargain, if you promiſe payment in gold, than by paying in ſilver. Well then, ſays the maſter, the king ſhould make the gold rupees paſs for fifteen ſilver rupees. He might do ſo, ſays the ſhroff, but would ever this reſtore the value to the ſilver rupees? Should not I ſtill be a loſer on my ſalary, as at preſent? For then, you would pay it to me with 93 $\frac{1}{3}$ gold rupees, inſtead of 100 which I bargained for. Well, Shroff, ſays the maſter, I do not deſire to make you a loſer; but I do not incline to give you 100 rupees more than I promiſed you. No, ſir, ſays the ſhroff, I do not deſire you ſhould: All I deſire is, to pay me one half of my ſalary in gold, and then I ſhall be ſatisfied to take the other half in ſilver; becauſe what I ſhall gain by melting the gold, will make up my loſs upon the ſilver coin. This, ſays the maſter, is an aukward way of reckoning; might not the king order the ſilver rupees to be made heavier; ſo that fourteen of them might be worth a gold rupee. I ſhould be very glad he did ſo, ſays the ſhroff, for then my ſalary would be as much better than it was, as it is now worſe, becauſe I ſhould ſtill receive from you as much gold as ever I did, and one fourteenth more ſilver. Were I then the king, ſays the maſter, I ſhould coin no more gold at all, and then all confuſion would be avoided. You are very right, ſays the ſhroff, you might avoid all confuſion; but what would become of the rents of your eſtate? Gold, for what I know, may riſe to 100 times the value of ſilver, and you, who have 100000 ſilver

 rupees

rupees a year, would then be no richer than your friend at Madras, who has 1000 gold rupees at preſent. This gentleman you conſider as very much your inferior in riches; becauſe his 1000 gold rupees are worth no more than 15000 ſilver rupees, even after this riſe upon gold; but if your 100000 rupees come to be worth no more in India, or in the world, than his 1000 gold rupees, it will be a poor comfort for you, to have nothing to indemnify you, but the cyphers in your rent-roll.

The only obſervation I have to make upon the example I have given is this: That if ſilver be made the ſtandard, the gold muſt, upon every alteration in the proportion, be adjuſted to the ſilver, as in the propoſal, made by the maſter, to raiſe the denomination of the gold rupees, from fourteen to fifteen ſilver rupees.

That if gold be made the ſtandard, then the ſecond propoſal, made by the maſter, muſt be followed, viz. to increaſe the weight of the ſilver rupees.

And the propoſal, made by the ſhroff, is the mixed ſtandard; whereby the value of the rupees, conſidered as a *denomination of money*, not as a coin, is ſet in the mean proportion between the metals.

Were mankind all philoſophers, I ſhould propoſe to mix the gold and the ſilver together in the ſame maſs, according to the market proportion of the metals, and to make the coin out of this mixture. I am not ſo extravagant as to propoſe ſo great an innovation. I throw it out merely as a hint, which may caſt light upon this ſubject.

From the example now given I draw the following principle. That in every country, where the inhabitants contract engagements, to be fulfilled in future time, that is to ſay, where revenues are eſtabliſhed, ſalaries given, bonds and

obligations

obligations granted; and when all theſe obligations are ſpecified in one certain unit or denomination of money, ſuch as pounds ſterling, rupees current, &c. it is of the greateſt conſequence that the intrinſic worth of this denomination, which is the ſtandard unit in all accounts, be properly aſcertained and preſerved invariable.

The coins of a country may be changed for convenience, ſuch as this we have been ſpeaking of, namely, the change in the proportion of gold and ſilver in the market; but, in all ſuch changes, the denominations given to the new coins, muſt conſtantly preſerve an exact proportion of value to the ſtandard unit, by which accounts are kept. Thus, in Bengal, the unit of money of account is the current rupee. To ſuffer this ſtandard denomination to be valued by the accidental currency of any coin, is contrary to every principle. The current rupee, and not the ſicca, or any coin whatever, muſt be the ſtandard by which every coin or currency is to be valued, and no precaution ought to be omitted, to fix and aſcertain its own value. Is it not by this ſtandard that all accounts are kept, and the value of all coins aſcertained in the mints, and by the ſhroffs? and, if one invariable value be not ſomewhere to be found, what ſecurity remains for debtors and creditors?

The infinite importance of preſerving the value of the money of account, is what makes me prefer the mixed ſtandard to that either of gold or ſilver; and upon reflection, my reaſons for eſtabliſhing it will be found ſolid and rational; though it be not convenient in ſome reſpects to adopt them for the preſent.

Let me add ſome reflections more upon this ſubject, the better to illuſtrate the doctrine of money.

What is the reaſon why no nation that I know, keep their accounts by any ſpecific coin? Neither the pound ſterling, nor the livre, nor the German florin, nor the Flemiſh ſchilling, nor the Spaniſh piaſtre, ducat, or maravedis, nor the Portugal re; nor, in ſhort, the rupee current in Bengal, are real and ſpecific coins.

The reaſon has been, that however at the firſt eſtabliſhment of any currency, the capital and ſtandard money of account may have been realized in a ſpecific coin; yet the variation, in the reſpective value of the metals, has obliged all ſtates to depart from their firſt regulation.

Upon the riſing of the price of gold (which before the diſcovery of America was hardly ever known to be above ten or eleven times more valuable than ſilver) princes would not (as they ought to have done) add a little more weight to their ſilver coin, bearing the denomination of their ſtandard unit, and take a little of the gold from the coins of equal denomination with the ſilver. The conſequence of which was, to debaſe the value of their unit in the ſilver coin, and conſequently to occaſion the melting and exportation of the gold, which became under-rated. Upon finding the gold become ſcarce in circulation, and coming no more to their mint, they began to give encouragement to bring it in, by raiſing the denomination of the new gold coin inſtead of taking a little from its weight.

Now raiſing the denomination of this new gold coin could not add to the intrinſic value of it; and therefore it took away from the intrinſic value of the *denomination* which was given to it.

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We have ſaid, that upon the riſing of the value of gold, more ſilver ought to have been added to the ſilver coin. But as this was an immediate expence to the prince, he preferred raiſing the denomination of the gold coin, although by this he debaſed the value of all his revenue in years to come.

Thus we ſee, that the *money pound*, which, in England, in Scotland, and in France, was, four hundred years ago, twelve ounces of ſilver of about $\frac{11}{12}$ fine, is now dwindled down to the rates which are familiarly known to every one.

In like manner, by the high rating of the gold mohurs coined in Bengal, in the year 1766, and now by raiſing the denomination of all the ſunat rupees, by the regulation, 1771, without adding one grain of more weight to them, the value of the current rupees is debaſed, but the value of the ſilver and gold coin is not augmented; as in the ſequel ſhall be proved.

The gold mohur of 1766, was intrinſically worth no more than 11 $\frac{1}{2}$ ſicca rupees. 11 $\frac{1}{2}$ ſicca rupees were worth 13.34 current rupees. Now by carrying the denomination of this gold mohur to 14 ſicca rupees, the firſt conſequence was, that nobody would *willingly* give 14 ſilver ſicca rupees for this gold coin, which according to the proportional value of gold and ſilver bullion, was worth no more than 11 $\frac{1}{2}$ ſilver ſiccas. The ſilver was therefore withdrawn from circulation, and could not be got, by fair means, in exchange for this gold coin.

But the gold mohur having got the denomination of 14 ſiccas, paſſed in the payment of the Company's revenue for 14 ſicca rupees; and fourteen ſicca rupees paſs in account for 16.24 current rupees. The ſecond conſequence therefore was, that a coin paſſed for 16.24 current rupees, which was really worth no more than 13.34. Was not this debaſing the value of the current

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rupees,

rupees, and conſequently diminiſhing the value of all payments made to the Company in current rupees?

Were the guinea raiſed to 50l. would this add to the value of the guinea? No, certainly. Would it not then debaſe the value of the pound ſterling? Undoubtedly it would.

By the regulation, 1771, a ſimilar operation is made on the ſilver money, which in 1766 was made upon the gold; all ſunat rupees, by recoinage, are to become ſiccas, ſo that 100 of theſe coins, which now paſs for 111 rupees current, are to be made to paſs for 116. Muſt there not be a great profit to the perſon who can turn theſe 100 ſunats into 116 current rupees by the ſtroke of a hammer? The Company ought to have, at leaſt, the profit of doing this; ſince they are to bear the loſs, in the payment of their revenue every ſucceeding year; becauſe all ſunats will henceforth be paid to them at the rate of ſiccas. But I have not as yet diſcovered by what means this immenſe profit upon the coinage, is to be communicated by the mint to the Company, though I ſee very plainly how the operation muſt debaſe the value of the rupees current, and how it muſt diminiſh the revenue of the Company, on the one hand, and the ſalaries of all their ſervants on the other.

Having now explained the governing principles of money, I come next to examine the preſent ſtate of the coin in Bengal; and by applying the principles, already laid down, to the irregularities we ſhall find in that currency, the propriety of the meaſures I ſhall afterwards recommend, as a cure for the evil complained of, will be the more eaſily comprehended.

The ſtandard of the Bengal money has ever been ſilver; gold has been occaſionally coined, as we ſhall have occaſion to obſerve; but the great bulk of the currency has been ſilver.

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The moſt common ſilver coin is the rupee of one ſicca, or ten maſſa weight, and of the fineneſs of $\frac{9\,8}{1\,0\,0}$ or 11 oz. 15 dwts. 4 grs. .8 dec. troy. The ſicca weight is equal to 7 dwts. 11 grs. and .5511 decimals of a grain; or, as other people call it, 7 dwts. 11 grs. $\frac{2}{3}$: The difference is inconſiderable

The ſicca weight is thus divided;

One ſicca equal to 16 annas, or 179 grains .5511 dec. troy weight. One anna equal to 12 pice, or to 11 grs. .22194 dec. troy. And one pice is equal to .93516 decimal parts of a troy grain.

Theſe ſiccas, annas, and pice, are denominations of real weight; and it is for this reaſon that I have converted them into troy weight, taking the denomination of the grain troy, and decimal parts of it, in order to avoid the perplexity, which the reckoning by the two denominations of pennyweights and grains would involve our calculations.

The principal rupees in coin in Bengal, and thoſe which are coined by the beſt regulations of weight and fineneſs, are thoſe of Madras, Bombay, Surat, and the ſiccas of Bengal.

The ſtandard weight of all is the ſame, viz. 16 annas, or 10 maſſa weight; and the fineneſs ought to be the ſame, viz. $\frac{9\,8}{1\,0\,0}$ fine; but the denomination is very different. This is occaſioned by the battas. Here then occurs the firſt and radical defect of the Bengal currency.

I hope from the principles laid down, that it appears evident, that pieces of the ſame weight and fineneſs, ought either to carry the ſame *denominations*

of

of money, or elſe theſe denominations cannot bear a regular proportion of value to the *coin* which carries them.

This principle is ſo palpable, that it has required a little art to throw duſt in the eyes of the people, in order to prevent their being ſhocked with it.

For this purpoſe, has been introduced a ſet of *denominations of money*, carrying the ſame names with the weights above-mentioned; namely *annas* and *pice*. A current rupee is ſaid to contain 16 annas; every anna, 12 pice.

When a rupee comes from the mint of Bengal, it is called with propriety a ſicca rupee; becauſe it is of the weight of 1 ſicca, or 16 annas, or 10 maſſa weight, as has been ſaid.

The coin carries upon it the year of the King's reign, and is called a rupee of as many ſuns as the King has reigned years. Thus the rupees coined in 1770 are called rupees of the eleventh ſun, becauſe the King began to reign in 1760. During the firſt year's currency, theſe rupees are worth 16 per cent. better than current rupees: During the ſecond year's currency, they are worth no more than 13 per cent. above current: During the third year's currency, and ever after, they are reduced to 11 per cent. above current, and are then called ſunat. There are, however, many rupees as good as theſe ſunats, which are rated at 10 per cent. only above current; ſo the ſunats have an arbitrary batta of 1 per cent. allowed to them above their real value in proportion to the general currency of the country.

The next defect of the Bengal currency is with reſpect to the accuracy of its fabrication. (16)

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There are various mints eſtabliſhed by ancient cuſtom, where the regulations, both as to the fineneſs, and the weight of the coins, are different, though their denominations be the ſame. From this, and from punching out holes, and filling up theſe holes with baſe metal, as well as wilfully diminiſhing the weight of the coin, after coming from the mint, the currencies of rupees of different provinces are of different values.

This defect has introduced a general and unſupportable abuſe; namely, that of Shroffage.

The ſhroffs are a ſort of bankers, or money-changers, whoſe buſineſs it is to ſet a value upon theſe different currencies, according to every circumſtance, either in their favour, or to their prejudice.

When a ſum of rupees is brought to a ſhroff, he examines them piece by piece, ranges them according to their fineneſs, then by their weight. Then he allows for the different legal battas upon ſiccas and ſunats; and this done, he values in groſs *by the rupee current*, what the whole quantity is worth.

This rupee current therefore is the only thing fixed, by which coin is at preſent valued; and the reaſon is, becauſe it is not a coin itſelf, and therefore can never be falſified or worn. One principal regulation therefore which is wanting, is to determine the value of the rupee current, and not to ſuffer it to be debaſed in its value by the debaſement of the coin, which is at preſent the caſe.

I have already obſerved in general, that the coin of Bengal has been unfaithfully made, both as to its weight and fineneſs; I am now to ſhew, as well as I can, the extent of theſe deviations from perfect exactneſs.

For this purpoſe, a collection has been made from the books of the mint of Calcutta, by which it will appear, that all the rupees of Hindoſtan have been intended to be coined of the weight of one ſicca. This is the only piece of regularity which has been obſerved.

The ſtandard fineneſs does not appear to have been put under any regulation. In almoſt every article it is different; as will appear upon peruſing the following table, which is taken from the Miſcellanies, lately printed by order of the Court of Directors, pages 45 and 46.

Silver Rupees re-coined.

	Number of Rup.	Sicca Weight.			Aſſay.				Current Rup.		
1764.											
Names of the Rupees.		*ſic.*	*an.*	*pi.*	*dwts.*	*grs.*			*curr.rup.*	*an.*	*pi.*
Fuley ſunat	51505	51344	0	9	bet. 13	0		produce	58225	11	9
Ditto - -	9893	9862	1	3	— 13	6		———	11183	14	0
Benaris rupees	9982	9691	4	0	— 7	18		———	10332	15	6
1765.											
Patna ſunat	20000	19801	15	9	bet. 10	0½		produce	22216	0	9
Ditto	25000	24752	7	6	not aſſay'd			———	27798	4	0
Bombay rup.	25000	24752	7	6	bet. 12	18		———	28041	3	0
Ditto	9959	9860	6	0	— 13	0		———	11153	13	3
Bomb. 3 ſun.	10000	9975	0	0	ſic. ſtand.			———	11311	15	6
Fuley 3 ſun.	3500	3491	4	0	— 0	0		———	3959	3	0
5 ſun ſiccas	53000	53000	8	0	bet. 13	6		———	60762	15	6

Number

	Number of Rup.	Sicca Weight.			Assay.				Current Rup.		
1765.											
Names of the Rupees.		*sic.*	*an.*	*pi.*	*dwts.*	*grs.*			*cur.rup.*	*an.*	*pi.*
Woojery rup.	100	96	2	6	wor. 2	18		produce	95	15	6
Ditto	35199	33845	3	0	— 2	18		———	36303	3	3
Dacca rup.	5500	5500	0	0	not assay'd			———	6093	7	6
Ditto	50	50	0	0	bet. 12	18		———	55	6	3
1766.											
4 sun sunat	17550	17506	2	0	———			produce	19852	7	6
5 sun siccas	80000	79862	8	0	bet. 13	0		———	90566	8	3
Ditto	20000	19965	10	0	—			———	22627	5	6
Dacca rup.	29495	29435	1	6	— 7	0½		———	32802	8	6
Ditto	30496	30434	1	0	—			———	33915	12	9
1768.											
Surat rupees	1860 3	1834	5	0	bet. 3	0		produce	2009	15	6
Gur fuley best	6109 0	6047	14	6	— 10	0		———	6782	5	6
1769.											
New viziery rup.	5400	———			wor. 15	0					
Old ditto	1850	———			— 6	0					
Gur fuley sunat	287	———			bet. 11	0¼					
French arcot	406	———			— 8	0½					
Short arcot	1777	———			— 3	0					

(19)

Number

1769. Names of the Rupees.	Number of Rup.	Sicca Weight. sic. an. pi.	Assay. dwts. gr.		Current Rup. cur.rup. an. pi.
8 sun siccas	14000	13979 0 0	standard	produce	16024 5 0
Bombay	1125	1113 12 0	bet. 12	$0\frac{1}{2}$ ———	1251 13 0

The Company's servants in the mint of Calcutta, have in their assays contained in the 4th column, compared the fineness of the coins with the standard of England; and, as the English standard for silver is 11 oz. 2 dwts. fine silver, to 18 dwts. of alloy, they take this as a fixed point, and express the fineness of the coins of Bengal by their being so many dwts. better, or worse than English standard.

To explain this matter to those who are not acquainted with such terms of art: It must be known that the English pound troy is divided into 12 ounces, every ounce into 20 pennyweights, and every pennyweight into 24 grains. So the number of pennyweights in a pound troy, and of pence in a pound sterling, is the same, viz. 240, or 12 multiplied by 20. When therefore it is said that any quantity of silver is 10 dwts. better than standard, we are to understand that it is 10 dwts. better than 11 oz. 2 dwts. But 11 oz. 2 dwts. is the same as 222 dwts. so 10 dwts. better than English standard, means that the silver is 232 dwts. of fine silver, and 8 dwts. of copper, which together make the integer or pound troy of 240 dwts. I must observe, that these divisions of ounces, pennyweights, and grains, are denominations of *proportion*, and not of *real weight*. And when we say that any silver coin is 232 dwts. fine, we mean no more than that the fine silver in the piece is $\frac{232}{240}$ parts, and that the $\frac{8}{240}$ which remain are alloy.

As

As to gold, the Engliſh ſtandard is reckoned by carats and grains. Twenty-four carats are called fine gold; every carat is divided into four grains, ſo in fine gold there are twenty-four carats or ninety-ſix grains.

The ſtandard of Engliſh gold is 22 carats or 88 grains, that is to ſay, it is $\frac{22}{24}$ in carats, or $\frac{88}{96}$ in grains, or $\frac{11}{12}$ fine gold to $\frac{1}{12}$ alloy.

This is ſufficient for the information of thoſe who know any thing at all of this ſubject.

The firſt column of the above table mentions the names of the different rupees which were brought to the mint. The ſecond column mentions the number of pieces of coin delivered. The third column expreſſes the weight of each number of the pieces ſet down in the ſecond column; ſo that whatever the ſicca weights fall ſhort of the number of rupees delivered, marks the degree of wearing of the coins delivered.

In the firſt article it appears that 51505 ſuley ſunat rupees had been delivered: Had theſe been full weight, they would have weighed 51505 ſicca weights. But as they weighed no more than 51344 ſicca weights and 9 pice, they have been ſhort of their due weight 160 ſicca weights, 15 annas, 3 pice.

In the article of five ſun ſiccas 53000 rupees; the weight is exactly the ſame with the number of rupees. The reaſon is, that theſe rupees had been coined in the year 1764, and had upon iſſuing the ſiccas of the ſixth ſun loſt 3 per cent. of their *denomination*, though nothing of their *weight*. So by ſtriking them anew they regained their 3 per cent. for another year.

Upon calculating the fine ſilver correſponding to the rupees current in the coin delivered by the mint to thoſe who brought in the old coin, it comes out in ſome articles to be 165.78 pice for the current rupee; but, in calculating the rupee current as delivered to the mint-maſter, it muſt be reckoned upon the footing of $\frac{10}{11}$ of the fine ſilver in one ſicca weight. The fine ſilver in one ſicca weight of $\frac{98}{100}$ fine, is 188.16 pice, multiply by 10 and divide by 11, the quotient will be 171; ſo here is above $5\frac{1}{4}$ pice gained upon every rupee current, beſides $2\frac{1}{2}$ per cent. for the price of coinage. And this, upon the ſuppoſition, that all the coin delivered had been bought up at its intrinſic value; which, conſidering the art and knowledge of the ſhroffs, and the ignorance of the people from whom they collect this coin, cannot be ſuppoſed.

Another great abuſe in the mints of Bengal is, that the aſſay-maſter and the mint-maſter is the ſame perſon. I ſhall ſuppoſe, that when the old coin and bullion is delivered to the mint, the aſſay-maſter, for his own ſake, makes correct aſſays, ſuch as are marked in the fourth column of the table referred to. I demand what proof there is, that the new coin delivered is of the fineneſs it ought to be? What check, I ſay, is there upon the mint-maſter, who muſt melt the bullion, and conſequently may falſify it, before he can coin it? How do we know but that the proprietor of the bullion and he may ſhare the profit of making the new coin below ſtandard fineneſs? In all mints well regulated there are proper checks upon the aſſay-maſters, mint-maſters, and moneyers or coiners. For this reaſon the trial of the pix is appointed in the mint at the Tower of London, and there is a reſponſibility eſtabliſhed for every perſon who has any truſt.

It will therefore be proper that the Eaſt-India Company do eſtabliſh the like regulations in their mint, and do provide themſelves with every utenſil and machine required for coining of money. I am informed that theſe inſtruments

have

have many years ago been provided for this purpoſe, and it is very proper that they be enquired after, and ſupplied where deficient. Information concerning this particular may be got at the Tower of London.

Nothing is more neceſſary than to have young people bred in London, or elſewhere, to the trade of refining and aſſaying ſilver and gold. Many will be wanted for the ſeveral mints which in time it will be proper to eſtabliſh in different cities of India; though at firſt it may be neceſſary for the Company to content themſelves with one at Calcutta; and it is a great ſhame, that in the Tower of London there ſhould be no refiners of the precious metals. The reſources found in London to ſupply this want, will not be found in India; and as the ſhroffs aſſay with the touch-ſtone only, at leaſt for the moſt part, the proper check for the inaccuracy of this method of aſſay, is the eſtabliſhment of proper refiners and aſſay-maſters.

I have obſerved that the ſhroffs and mint-maſters are thoſe who collect the old coin and bullion, and bring it to the mint to be recoined.

In order to prevent any abuſe in this delivery of bullion, a mint price for ſtandard bullion ought to be eſtabliſhed, and the price ought to be fixed at 2 $\frac{1}{2}$ per cent. below the value of the coin.

Let me explain this by an example.

A perſon, let me ſuppoſe, brings 100 ſicca weight of old coin to the aſſay-maſter of the mint. The aſſay-maſter melts it down, refines it, and brings it to the proper ſtandard for being coined into rupees of ſilver. It is then weighed, and the mint price of it is ſtated at 2 $\frac{1}{2}$ per cent. below the weight; that is to ſay, the proprietor of the ſilver muſt receive in new ſilver rupees the full quan-

tity

tity of the ſtandard ſilver contained in his 100 ſicca weight of old coin, leſs 2 $\frac{1}{2}$ per cent. for the expence of coining it a-new.

Were this regulation eſtabliſhed, and faithfully executed, every body having ſilver coin or bullion would go with confidence to the mint, inſtead of interpoſing a ſhroff between him and the mint; and in places at a diſtance from any mint, many expedients may be contrived to aſcertain to the proprietors of unequal coin the true value of it, by melting it down and ſtamping it in ingots, to be verified afterwards at the neareſt mints.

When once the inhabitants begin to feel, that there is a poſſibility of ridding themſelves of the impoſitions put upon them in the valuing of their coin by the ſhroffs, they will quickly fly to the remedy.

If upon the other hand, we ſuppoſe an univerſal combination among knaves every where, it is to no purpoſe to make any regulations whatever.

It has been obſerved, that one of the greateſt abuſes to be corrected with reſpect to the current coin of Bengal is what is called ſhroffage. Example.

A tenant has a few rupees to pay for his rent, which I am informed is to be paid to the Company according to the converſion of ſicca rupees valued at 16 per cent. above current. This coin, the ſicca of the year, is what alone carries in it the 16 per cent. batta. It is impoſſible the whole rupees in Bengal ſhould be recoined every year, ſo that the Company's revenue might be ſpecifically paid in them; and were it poſſible it would be abſurd. Whatever rents are paid in any other ſpecies, are ſubject to a converſion of value, and this is the buſineſs of the ſhroffs. This abuſe cannot be exaggerated; it goes ſo far, as that no perſon can tell the value of the coin he is poſſeſſed of until a ſhroff be conſulted upon the matter.

There

There is but one remedy for this abuſe, viz. an equal and permanent coin of a fixed denomination; and this never can be introduced, while any power is lodged in any part of the Indian government, to change the denomination or currency of it.

It is not then a matter of choice, whether or not the Company ought to allow this batta in favour of ſicca rupees to remain. The only choice is, whether *all* rupees of full weight and fineneſs ſhould, without recoinage, be valued at 16 per cent. above current; or whether *all* ſhould be reduced to 10 per cent. above current.

This queſtion terminates in this, whether the current rupee ſhould be univerſally debaſed to $\frac{100}{116}$ parts of a ſilver rupee of one ſicca weight, or whether it ſhould continue to be $\frac{100}{116}$ parts of it.

I am very clearly of opinion, that in the firſt caſe, the revenue of the Company, though reckoned by ſicca rupees, will contain yearly leſs ſilver than it did, in proportion to the number of ſicca rupees in currency; that is to ſay, in proportion to the recoinage of the old rupees. In the ſecond caſe, the revenue of the Company will contain yearly more ſilver than it did, in proportion as the number of the preſent ſicca rupees ſhall diminiſh by their becoming ſunats.

Having now explained the ſtate of the Bengal ſilver currency, I muſt enquire into the nature of the innovations which the Company, of late years, have made upon it.

In former times, ſome gold coins had been ſtruck at Dehli of the ſame weight and fineneſs with the ſilver rupees. But theſe coins were left to ſeek their own

value.

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value. Accordingly I have been informed, that they have circulated at the rate of 12, ſometimes at the rate of 13, ſometimes at the rate of 14, and even ſo high as 15 ſilver rupees.

But theſe variations proceeded from the variation in the proportion of the metals, and were purely conventional: So that 'till the year 1766 no gold coin in Bengal had ever been put on the footing of *money* with a legal *denomination* with reſpect to ſilver coins.

It comes therefore now to be examined what was the nature, and what were the conſequences to circulation from the coinage of gold mohurs in the year 1766. What were the conſequences of the ſecond gold coinage in 1769; and, in the laſt place, what may be the conſequence of the new regulation in 1771 upon the coinage and currency of ſilver.

Concerning the coinage of gold mohurs eſtabliſhed in Bengal by the Conſultation of the 2d of June, 1766.

It has been obſerved, that this coin called gold mohurs had been formerly coined at Dehli, of the ſame weight and fineneſs with the ſicca rupee of Bengal and other countries of Hindoſtan; but that they paſſed conventionally, having no legal *denomination.*

Great complaints having been made in 1766 of the exportation of ſilver to China and other places, and conſiderable quantities of gold being then in Bengal, either in ornaments, in coin, or in treaſures hid under ground; it was propoſed, as an expedient for augmenting the currency of ſpecie, to make a coinage of gold, in which ſuch *encouragement* ſhould be given to the bringing

of

of gold to the mint, as to draw this precious metal from its lurking holes, as well as from other countries.

The government of Bengal did not conſider, that every *enccouragement*, as it was called, given to gold coins in preference to ſilver coins, muſt occaſion the melting down, and exporting of the ſilver coin. The only encouragement it was poſſible to give to gold coins was, to fix a denomination to the new gold coins above their due proportion to the ſilver currency; or in other words, to render the gold intrinſically worth leſs in payments than the ſilver currency. The conſequence of which, we have obſerved, is to engage every one to pay in gold rather than in ſilver. And the directors of this operation pitching upon 15 arcot rupees as the value of one gold mohur, inſtead of eſtimating the value of theſe 15 arcot rupees by the fine metal contained in them; eſtimated them by their current value, which was above the proportion of their intrinſic worth. Not ſatisfied with this firſt deviation from principles, they added to the mohur (already over-rated in its proportion to the 15 ſilver arcot rupees) no leſs than 8 per cent. extra-denomination, entirely arbitrary. So when this gold currency came abroad, it proved to be no leſs than 17 $\frac{1}{2}$ per cent. worſe in payments than ſilver rupees of Bengal, Madras, Bombay, and Surat, which all paſs under the name of Duſs Maſſa rupees, and are *nearly* of the ſame weight and fineneſs.

I can the more eaſily pardon this irregularity, as over all Europe, it was anciently the cuſtom in mints, to raiſe the denomination, or to mix alloy with the coins they wanted to multiply; and which is very extraordinary, they could not conceive the poſſibility of any other expedient for procuring the metal they wiſhed to obtain.

(27)

I am

I am ſure that many people in this city ſtill entertain the ſame notions, when they tell us, that the reaſon our gold is exported, is that our guineas are too good; meaning that they ſhould either be raiſed in their denominations, or made lighter. Raiſed in denomination, if they be to preſerve the ſame weight and fineneſs; but from 21 ſhillings to be called 22 ſhillings; or made lighter, by coining more of them out of the pound troy.

The conſequence of both alterations is the ſame. It operates no other effect upon the coin, than to debaſe the value of the ſhillings, and conſequently, of the pound ſterling, by which we reckon.

We may therefore conclude, that in proportion as we raiſe the *denomination* of any coin above its proportion to the general currency, we debaſe the value of ſuch *denomination*, and promote the exportation of what is undervalued. If guineas were now raiſed to 22 ſhillings denomination, or if the mint were to coin 46 guineas inſtead of $44\frac{1}{2}$ out of a pound of gold, would not this effectually debaſe the value of the pound ſterling? Undoubtedly it would; becauſe the pound ſterling would then be worth no more than $\frac{20}{21}$ parts of a guinea, inſtead of $\frac{20}{21}$ parts of the ſame guinea. Were this regulation therefore to take place, the Bank in paying their notes would gain $\frac{1}{21}$ upon all the guineas they might then have in their coffers; that is to ſay, they would pay their notes with leſs gold for a month or two: But on the other hand, they would loſe every year after, $\frac{1}{252}$ of all the intereſt government pays them upon their ſtock, which is about 11 millions ſterling at 3 per cent. and 3 per cent. on 11 millions, is 330000 £. $\frac{1}{21}$ of which is 15000 £. This the proprietors of Bank ſtock would annually loſe to perpetuity.

The

The matter of fact with reſpect to the gold coinage in Bengal in 1766, eſtabliſhes the truth of this reaſoning. Nobody in Bengal would pay *willingly* in ſilver rupees, after the iſſuing of this gold currency; and it was the greateſt oppreſſion to force them to it. The people of that country had been ſo long accuſtomed to ſilver coin, that they never would, except when forced to it, receive the mohurs in payment. So the Company was obliged to make a new regulation in 1769, little better than the former. At laſt the gold currency fell all together to many per cent. below its intrinſic value, according to the ſaying, Dum vitant ſtulti vitia in contraria currunt.

Now let me ſuppoſe, that this currency of gold mohurs had been ſupported by authority; what would have been the conſequence? I anſwer, that the ſilver rupees would have totally diſappeared, as much, or perhaps more than our own ſilver coin has done in England. And a further conſequence would have been, that the rupee current would have begun to draw its value from the gold mohur (as the pound ſterling now draws its value from the guinea) and conſequently have loſt 17 $\frac{1}{2}$ per cent. of its value, as our pound has loſt 5 per cent. of its value. This the Company muſt have loſt every year to perpetuity, for the ſake of making a preſent to the ſhroffs of 17 $\frac{1}{2}$ per cent. upon the firſt iſſuing of this gold.

For a ſimilar reaſon (as I have juſt ſaid) has the pound ſterling been debaſed; firſt, by allowing guineas (which are worth, in proportion to our ſterling ſilver coin, no more than 20 ſhillings) to paſs for 21 ſhillings; and then by ſuffering light guineas to paſs for 1l. 1s. when many of them are not worth 18 ſhillings. The ſimilarity of circumſtances in England and in Bengal, with reſpect to the over-rating of gold, is a farther apology for this monſtrous abuſe. Our pound ſterling in new guineas, if compared with our ſtandard ſilver coin, has indeed

loſt 5 per cent. only. The current rupee loſt, for a time, 17 ½; but then, the greatneſs of the loſs rouſed the Indians, and forced the Company to deſiſt: Whereas the gradual debaſement with us, has fixed it upon us beyond the power of redreſs, as will be ſeen (if I be not miſtaken) upon the new regulations of the mint, which ſooner or later muſt take place.

Having thus explained the conſequences of this coinage of gold mohurs in 1766, it remains to demonſtrate by matter of fact, that the thing was as I have repreſented it.

The regulation of this coinage was as follows:

That a gold coin, called a mohur, ſhould be ſtruck of the fineneſs of 20 carats.

That the weight of this coin ſhould be 7 pennyweights 11 ⅔ grains troy weight. Or reducing all to grains (in order to avoid different denominations of weight) 179 .66.

That the denomination of this gold coin ſhould be 14 ſilver ſicca rupees of Bengal.

It was ordered by article 7th, referred to in Mr. Campbell's letter of the 2d of June, 1766, to Mr. Sumner, That payments offered in this gold coin ſhould be received by all perſons as a legal tender in all payments, under ſevere penalties againſt tranſgreſſors.

Let us now examine the proportion of value between the rupees in the gold and in the ſilver currency, which were ordered to be received as equivalents of each other.

The

The fineneſs of the new gold was 20 carats, or $\frac{20}{24}$ fine. The weight of it was 179 .66 grains troy.

To know how many grains of fine gold were contained in this gold mohur, ſtate thus, 24 car: 20 car. : : 179 grs. .66: 149 grs. .72.

So in this currency 14 ſicca rupees of Bengal, were made of an equal value to 149.72 grains troy, of fine gold; that is to ſay, one rupee was equal to 10.694 grains fine gold for $\frac{149.72}{14} = 10.694$.

Next as to the ſilver:

A Bengal ſicca rupee is of the ſtandard of 11 oz. 15 dwts. fine, nearly, to 5 dwts. alloy, which together make one pound troy, or 240 dwts.

The weight of this rupee is the ſame with the gold mohur, which we have deſcribed; namely, 179.66 grains troy.

To know how many grains troy of fine ſilver are contained in this rupee, ſtate thus, 240 dwts: 235 dwts. : : 179 grs. .66 : 175 grs. .92.

We have ſeen that one rupee in the gold currency was worth 10.694 grs. of fine gold; and now we ſee, that one rupee in ſilver was worth 175.92 grs. of fine ſilver.

Now according to all the principles we have laid down, the quantities of gold and ſilver which carry the ſame denomination *as money*, ought to be of the ſame value *as metals* in the market. (31)

But

But as this coinage went upon the ſuppoſition, that the proportion of the metals in the market of Bengal was nearly as 1 is to 14; had this coinage been rightly proportioned, the grains of ſilver divided by the grains of gold, would have given for quotient 14. Inſtead of this $\frac{175.92}{10.694}$ gives for quotient 16.45.

Was not then the gold over-rated in this coinage, by the difference between 14 and 16.45, which is no leſs than 17 ½ per cent.?

Surely after this, nobody would pay their debts in ſilver, at the loſs of 17 ½ above the value of gold, and no creditor durſt refuſe to accept of this gold in payment of debts, although he loſt 17 ½ per cent. by receiving it.

If then nobody would pay in ſilver rupees, would they not be melted down, or exported? And would not this occaſion a ſtill greater ſcarcity of ſilver in Bengal, and promote the ſending it off to China? in order to prevent which, the gold currency had been introduced.

Further; was not the value of the *rupee* in the gold coin, actually debaſed in value 17 ½ per cent. below the value of it in the ſilver coin?

Would not this diminiſh, year after year, the value of the whole of the Company's revenue of Bengal by 17 ½ per cent.? And, would there not have been a profit to all debtors in paying with this gold the debts which they had contracted in ſilver rupees before the 3d of June, 1766?

It is no wonder if ſo injudicious an operation ſhould diſguſt people who are not at the trouble to inveſtigate the nature of it; and who conclude in general, that it muſt have proceeded from the innovation of the gold currency, and not from a defect in the conducting of it.

Let

Let me next examine the regulation of the 20th of March, 1769, concerning the ſame ſubject.

By this regulation no change is made on the rupee of ſilver: It remains as before, containing (as has been obſerved) 175.92 grains troy of fine ſilver.

The fineneſs of the gold mohur is ſaid to have been 23 car. 3 $\frac{1}{4}$ grains, or $\frac{99.64}{100}$, and the denomination given to it was 16 ſicca rupees.

I ſhall therefore examine this currency by the ſame proceſs by which I examined the former.

The weight of this mohur was 17 annas, or 7 dwts. 22 grs. .773, or 190 grs. .773 dec. To know the weight of fine gold contained in it, ſtate it thus, 100 : 99.64 : : 190.773 : 190 .086.

So the mohur of 1769 contained 190 grs. .086 of fine gold, and the mohur of 1766 contained 149.72. The mohur of 1769 was rated at 16 ſicca rupees; that of 1766, at 14 ſicca rupees. We ſhall preſently diſcover the equation of their value.

If we divide the grains of fine gold in the mohur of 1769 by the denomination of it in ſicca rupees, viz. by 16; the quotient will ſhew how many grains of fine gold go to the ſicca rupee in this currency, viz. $\frac{190.086}{16}$: : 11.88 grains.

So for the rupee of 1769 there were 11.88 grains fine gold, and for the rupee of 1766 there were 10.694. Difference of value in favour of the rupee 1769, 1.216, or more than 1 grain of fine gold.

Let us next divide the ſilver of this currency of 1769 by the gold, in order to diſcover at what ſuppoſed proportion of metals it was made.

The

The ſilver in the ſicca rupee was 175 grs. .92; the gold in ditto 11 grs. .88, divide the one by the other $\frac{175.92}{11.88} = 14.81$.

Now if we go upon the ſuppoſition we have hitherto adopted, viz. that the proportion of the metals in India was ſuppoſed to be at 14 to 1; then in this coinage of 1769, the gold was over-rated 5 $\frac{3}{4}$ nearly per cent. State thus, 14 : 100 : : 14.81 : 105.71.

But in the coinage 1766 we have ſeen, that the gold was over-rated 17 $\frac{1}{4}$ per cent. and, in that of 1769 by 5.71 per cent. So the difference in favour of the coinage 1769 above that of 1766, was 11.79 per cent.

But ſtill the gold was over-rated above the due proportion, by 5 $\frac{3}{4}$ nearly per cent. upon the ſuppoſed proportion of 14 to 1, which, I have ſtrong reaſons to believe, is even higher than the truth.

It follows next in order, that I examine the regulation mentioned in the General Letter to the Court of Directors, dated at Fort William the 30th Auguſt, 1771; whereby it appears, that the ſiccas of the 11th ſun coined in 1770, are for the future to continue to paſs for the full value they had at firſt coming from the mint; and that all the ſiccas to be iſſued or coined in all ſubſequent years, ſhall, in like manner, retain their full denomination; by which the gradual abatement formerly eſtabliſhed upon ſicca rupees, during their ſecond and third years currency is to be aboliſhed.

The intention of this regulation is, that in a few years all ſilver rupees ſhall be recoined, and the whole currency of Bengal raiſed to ſiccas 16 per cent. better than the current rupee.

Every

Every regulation which tends to promote uniformity, is ſo far good. It is no doubt abſurd, that any coin merely becauſe it is new ſhould carry a higher denomination than another of equal weight and fineneſs, coined by the ſame authority.

But let me demand, what could be the reaſon of the former regulation, which gave the new ſiccas an advanced value during their firſt three years currency, which was cut off from them the fourth year? It was no doubt, that the iſſuer of the coin might give it out for more at firſt, than afterwards he was to receive it for; and by that means gain the difference.

One hundred new ſiccas were delivered out at firſt for 116 current rupees; when theſe came to be ſunats they were received back for 111 current rupees; conſequently there was a profit to the firſt deliverer, who I ſuppoſe to be the laſt receiver, of about 5 per cent. The current rupee therefore was to this ſunat rupee as 100 is to 111, or it was $\frac{100}{111}$ parts of a ſunat. The ſunat rupees again ſtill retained 1 per cent. batta above the other ſilver rupees of the ſame intrinſic value; ſo that the current rupee was $\frac{100}{110}$ parts of the ſilver of 1 ſicca, though no more than $\frac{100}{116}$ parts of its denomination.

Now if by this new regulation, the ſicca rupee be to remain at its full denomination in time to come, and if by the ſucceſſive recoinage of all the rupees whatſoever, the whole currency become ſiccas, is not this a raiſing of the denomination of all the coin, and conſequently a debaſing of the value of the current rupee from $\frac{100}{110}$ to $\frac{100}{116}$?

By a ſimilar practice, and for the like reaſons, have all the coins in Europe been raiſed, and the denominations of money, by which all revenue is reckoned, have been dwindled away to nothing. But ſuch practices were the fruit of ignorance

norance and barbariſm; and in Europe they are become leſs frequent ſince credit and commerce have been eſtabliſhed.

Had the regulations of 1771 been quite the reverſe, it would have been more rational, more profitable to the Company, and equally uniform. Had it I ſay been reſolved to iſſue the rupees coined for the future, at 10 per cent. only, above the current rupee (cutting off the ridiculous advanced value of the coin merely becauſe it was new) the new rupees would have paſſed at the value of ſtandard rupees of one ſicca weight, and the ſtandard money of account, the rupee current, would have retained its former value, namely, $\frac{10}{11}$ of the rupee, weighing one ſicca weight of $\frac{988}{1000}$ fine.

The former regulation before 1771 debaſed the current rupee during the time only of the high currency of ſiccas. The new regulation debaſes it for ever.

What great fortunes may already have been made ſince this regulation, by trafficking with the coin! Thoſe who knew of the change which was to take place in favour of the 11 ſun ſiccas, might have bought them up cheap, at ſo near an approach to the time of iſſuing the 12 ſun ſiccas, and might have ſold them again at an advanced value of 3 per cent.

Then, after the regulation was known, the 10 ſun ſiccas, which were at once to become ſunat, would fall in their price 2 per cent. upon which they might alſo be bought up by thoſe in power, and by a ſtroke of the hammer be turned into ſiccas of the 12th ſun. Beſides this, all the ſunats and other rupees of full weight, may be the object of the ſame manœuvre.

Thoſe who have the mint, are maſters to recoin them at a profit of 5 per cent. becauſe the 100 ſunats by being recoined, will be raiſed from 111 rupees current

to

to 116, and the reſtamping a coin of full weight, which has occaſion for nothing elſe than a new impreſſion, is a trifling expence. It is ſaid in this letter, that it was *impoſſible* to raiſe the denomination of all the ſunats: They might have added, *without depriving the mint of an immenſe profit.*

It is unneceſſary to annaliſe the different methods of making profit upon the coin of Bengal, as long as people have it in their power to give to it an additional value of between 5 and 6 per cent. by recoinage, at the expence of debaſing the value of the rupee current.

It is alledged that the revenue of the Company is not paid in rupees current, but in ſicca rupees, and this being the caſe, that no harm can reſult to the Company by this change.

I apprehend, that whether the Company's revenue be paid in current rupees or not, the injury will be the ſame. For although the tenants may be obliged to pay at the rate of ſicca rupees, this obligation never can imply payment in the ſpecific coin, viz. the ſicca of the year, becauſe it is impoſſible that as much coin can be made every year, as to fill the hands of all the Company's tenants.

The meaning therefore of paying the revenue *in ſicca rupees*, can be no more than that the rupees in which the rents are paid are to be valued or converted from their intrinſic value, into ſicca rupees 16 per cent. above current.

Now at preſent the far greater part of the coin of the country conſiſts in ſunat rupees, duſs maſſa rupees, and many other coins which paſs in payments to the Company according to the proportion of their weight and fineneſs. If upon recoinage an augmentation of value; if, I ſay, an additional batta of 6 per cent. be given to all this coin, without adding any thing to its intrinſic value, will it not be paid to the Company at this additional batta?

When the revenue then is paid into the Treaſury of the Company, will any man ſay that this revenue is not leſs than formerly, merely becauſe it is compoſed of the ſame number of ſicca rupees, although in weight of ſilver it may be ſeveral per cent. light?

If it be farther urged, that as matters ſtand, people who have their rents to pay to the Company, take care to have their coin turned into ſiccas at the mint before they deliver their payments. I anſwer that nothing can be more abſurd, than for the Company to keep a mint for the ſake of defrauding themſelves by ſo childiſh an operation.

Farther, were not reckonings kept by denominations of ideal rupees current, what advantage would be found in raiſing the denominations of coins? Were people bound to pay in guineas, and not in pounds, what loſs would there be though a guinea were called 50 £.? But as reckonings are kept in pounds, and as theſe pounds are paid in guineas, it is of great importance that the value of the guineas with reſpect to the pounds, be not varied. This is an univerſal principle, it requires very little reflection to make the application of it to the preſent ſubject; and the importance of it will engage me to repeat what I have ſaid, after I ſhall have laid down a ſet of new regulations for the mint.

It would not ſurpriſe me to hear of a general petition from all the Company's ſervants, as well as from the troops, who enjoy fixed ſalaries and pay, ſpecified *in denominations of money*, demanding an augmentation of their pay, in conſequence of the raiſing of the *denomination of the coin*, which is debaſing the value of the *money* in which theſe ſalaries are paid. The requeſt will be juſt, and it will be hard to refuſe it.

In the twenty-ninth paragraph of the letter it is ſaid, *We conſidered the ſicca rupee as the eſtabliſhed ſtandard coin of the country, by which the value of others would always be determined.*

It is the ſtandard *coin*; but as a coin, it ought to be worth no more than every coin of equal weight and fineneſs. But is it the ſtandard *money*? Are the Company's accounts kept in ſiccas? No; they are not; their rents indeed are *calculated* upon the ſicca; but they muſt be paid in all ſorts of ſpecies, the value of which is reckoned by the current rupee, unleſs indeed the Company allow the mint the privilege of defrauding them; conſequently, whatever raiſes the value of the *coin*, while it does not raiſe the value of the *money unit*, which is the current rupee, is robing the Company, whether the Company perceive it or not.

Were a guinea, as hath been frequently repeated, raiſed to fifty pounds ſterling, would this raiſe the value of the guinea? No; but it would debaſe the pound ſterling, as would be felt by him who received one guinea only, in payment for a Bank Note of fifty pounds. It is amazing, how ſuch plain conſequences do not ſtrike thoſe who are affected by them, while they are conſtantly ſo evident to thoſe who are to profit by them, and who, conſequently, do propoſe them.

I can deviſe only one illuſtration more, to prove the prejudice which muſt reſult to the Company, and to all creditors in Bengal, from the regulating of the value of the current rupee upon the ſicca rupee, at the full denomination of 16 per cent. above current, inſtead of valuing the whole coin of Bengal upon the current rupee, which is $\frac{10}{11}$ parts of the value of a ſilver coin of one ſicca weight of the fineneſs of $\frac{95}{100}$.

The method I am now to follow, is to compare with our preſent ſterling currency, the value of the current rupee of Bengal; firſt, when conſidered to be

$\frac{10}{11}$ of

$\frac{10}{11}$ of the *ſilver* of a ſicca rupee; and, next when conſidered to be $\frac{100}{110}$ parts of the *denomination* of a ſicca rupee.

One ounce Britiſh ſtandard ſilver contains 444 grains troy weight fine, which now ſells at market for 5s. 8d. of our preſent currency, or for 68 pence ſterling.

One ſilver rupee of one ſicca weight $\frac{958}{1000}$ fine contains 175.92 grains fine: Then ſtate 444 : 68 : : 175.92 : 26.94.

So eſtimating the value of one rupee of one ſicca weight of ſilver, of $\frac{958}{1000}$ fine, with the preſent currency of ſterling money, it is worth intrinſically 26.94 pence, or 2s. 3d. nearly.

Conſequently, the current rupee which is worth $\frac{10}{11}$ parts of this coin, is worth 24.49 pence, or, nearly 2s. od. $\frac{1}{2}$; for 11 : 10 : : 26.94 : 24.49.

But if we ſuppoſe this ſilver rupee raiſed by an arbitrary denomination to 16 per cent. inſtead of 10 per cent. above this current rupee; this will ſink the value of the current rupee to 23.22 pence, or to 1s. 11d. $\frac{1}{4}$ nearly; for 116 : 110 : : 24.49 : 23.22.

So by regulating the value of the current rupee upon the *denomination* of the ſicca, inſtead of regulating it upon the *ſilver* in it, you debaſe the value of the current rupee from 2s. od. $\frac{1}{2}$ to 1s. 11d. $\frac{1}{4}$; or, more accurately, you debaſe it 5.18 per cent. for 24.49 : 100 : : 23.22 : 94.82, which is 5.18 per cent. as has been ſaid.

(40)

Will

Will any perſons, after this repreſentation of the matter, ſay that the revenue of Bengal, or that a lack of current rupees, will be worth as much ſterling money, after the regulation 1771, as it was before? If they do, I ſhould be glad to ſee the reaſons for their opinion.

The worſt conſequence of this regulation is, that the debaſement of the current rupee has already taken place, and if it be reſtored to what it was, muſt not the Company take back all the coin they have iſſued, at the rate it has been iſſued?

It is very natural to ſuppoſe, that by ſuch an operation upon the coin as this in 1771, the Company ſhould have made an advantage for one year at leaſt, proportionate to the loſs they are to incur for every year to come.

This might be the caſe, were the Company alone to hold the profit of the mint: Were they, when their treaſure is full, or ſucceſſively as payments are made to them in the old coin of the country, to recoin it themſelves, and to iſſue it out a-new, at an advanced value: They would, I ſay, in this caſe, receive (for once at leaſt) that value, which afterwards they muſt allow to the coin as often as it is to return to them in payment of their rents.

But to deliver over the mint (as I find it is the practice to do) to private people, who buy up old coin; but who much more frequently receive it from the ſhroffs, at a ſmall ſhare of profit; and to leave it to this ſett of men to have all the emolument of the firſt iſſuing the *ſame coin*, as I may call it, at an advanced value of many per cent. when the conſequence is, that the Company muſt receive it (perhaps from the very ſame perſons who have got it coined) at this advanced value, is quite aſtoniſhing. This is a new phenomenon indeed!

During the laſt war, there was abundance of coining and recoining of money in Germany, but I believe every body knew, that the profit did not center in private hands, but in his who permitted the abuſe. Here, the Company carry the whole loſs, and ſhare none of the profit.

From the Miſcellanies lately publiſhed by the India Company, relative to the coinage in Bengal, I find ſuch a variety of calculations concerning the weight and fineneſs of the ſilver rupees: Such variety of aſſays at the Tower, made upon coins ſent thither to be examined both as to their weight and fineneſs, that it is evident there can hitherto have been no correctneſs obſerved at the Indian mints; and therefore, it is in vain to attempt to eſtabliſh any general average from them.

I have therefore, upon different authorities found in thoſe Miſcellanies, reckoned the weight of one ſicca ſometimes at 7 dwts. 11.5511 grains troy weight, or in troy grains 179.5511, and ſometimes at 179 $\frac{2}{3}$, the difference is ſmall.

And the fineneſs, from the beſt informations I have got, I reckon $\frac{958}{1000}$ fine, or 11 oz. 15 dwts. 4 grs.

As for the pagoda; among ſuch a variety of different reſults from aſſays, &c. I have adopted the authority of Mr. Hort, Miſcellanies, page 13, where the weight is ſtated at 2 dwts. 4 grains $\frac{17}{20}$, and the fineneſs at $\frac{86\frac{1}{4}}{100}$.

As I have been directed to avoid any plan for the introduction of a gold currency into the money of Bengal, I have taken no notice of the proportion of gold to ſilver either at Bombay, Madras, or Calcutta. It would have perplexed the ſubject, and have been of no ſervice.

With

It is to no purpoſe to make obſervations on the variety of computations, found in the Miſcellanies, concerning the produce of ſilver and gold at the ſeveral

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" That ſecond ſun ſiccas ſhould be 15 per cent. firſt ſuns 13 per cent. and ſunats 11 per cent. " better than current rupees.

" The following papers, &c. will in ſome meaſure ſhew the conſequences of fixing an undue and " arbitrary batta on the Calcutta ſicca rupees.

" KNOW ALL MEN, by theſe preſents, that on the ſixth day of February, in the year of " our Lord, one thouſand ſeven hundred and fifty eight, Mr. Charles Douglas, of the town of Cal- " cutta, merchant, came and adviſed me, that he had a large demand on the Company, on bonds, " on his own and conſtituents accounts, to the amount, intereſt included, of current rupees one hun- " dred nineteen thouſand ſix hundred and forty-three, eight annas, and three pice; in conſequence " whereof, he had in a letter, under date the ſixth of January laſt paſt, addreſſed to the Honourable " Roger Drake, Eſq; Preſident and Governor, &c. Council of Fort William, in Bengal, as agents " and repreſentatives of the United Company of Merchants of England, trading to the Eaſt-Indies, " demanding payment of the aforeſaid Company's bonds, with Intereſt due, amounting in all to " the ſaid ſum of current rupees one hundred and nineteen thouſand ſix hundred and forty-three, " eight annas, three pice; and upon the ſaid Charles Douglas tendering the aforeſaid bonds for " payment, an order was given to the ſub-treaſurer for diſcharging the ſaid ſum, but was told, that " as the Company had no other ſpecies of rupees than Calcutta ſiccas, he muſt receive them in pay- " ment, which he, Charles Douglas, abſolutely refuſed; well knowing, that he ſhould have his " fortune, and that of others under his charge, daily expoſed to being curtailed, from five, eight, " to ten per cent. at the pleaſure of Juggat Seat, the head ſhroff of this province; who, it is well " known, has the ſole management and direction of the current money of the country; and could " always make it fluctuate in ſuch manner as he ſaw fitting and convenient for his purpoſe." &c.

This protest concludes, *That the Governor and Council ſhall order payment of the money due, in the ſame ſpecies of rupees as paid in by the Proteſtor and his conſtituents, to the ſaid Company's Treaſury.*

After having ſhewn the advantages of fixed and permanent coins, bearing denominations, in the exact proportion of their intrinſic value, this abuſe of impoſing arbitrary battas, will, from the preceding extracts, appear the more evident.

mints

mints in India, and on the various deductions and allowances which the Company and the mints agree upon in ſtating their accounts.

The intention of this inquiry is to diſſipate all theſe perplexities for the future; to regulate the weight and fineneſs of all ſilver coins to one exact ſtandard; and to eſtabliſh a mint price at the rate of 2 ½ per cent. deduction upon all ſilver given in at the mints by private perſons, in lieu of aſſays, coinage, and every expence. The charges of refining coarſe ſilver, muſt indeed be paid a-part.

As all mints muſt belong to the Company, they may make what regulations they think fit with reſpect to the coining of ſilver brought in by themſelves. But, whatever ſilver they ſend from England ought, I think, to be refined at London, and reduced to the exact ſtandard of Bengal, before it be exported.

By this will be ſaved the exorbitant expence of above 7 per cent. charged by ſome mint-maſters in India, for refining coarſe ſilver.—See page 33 of Miſcellanies.

Having now to the utmoſt of my power, collected and compared all the informations I have been able to get with reſpect to this important matter; and having traced the intricacies, defects, and abuſes of the Bengal currency, through all their mazes: And having endeavoured to diſpel the clouds, and falſe lights in which ignorance, or knavery has involved the ſubject; it is proper to ſuggeſt what new regulations may be neceſſary, to ſet the coin and currency of Bengal on a permanent and equitable footing for the future.

New Regulations for the Coin and current Money of Bengal.

WHEREAS of late years great confuſion has prevailed with reſpect to the coin and current money of Bengal, the Honourable the Eaſt-India Company, by the expreſs command, and under the authority of SHAH AALUM GEER, have made the following regulations reſpecting the currency, the coin, and the mints in Bengal, and territories thereunto belonging.

And whereas in all times paſt it has been the cuſtom to ſtrike coins in many different mints, carrying upon them the year of the King's reign, with other inſcriptions and marks as appointed by the King, all paſſing under the common denomination of rupees; the ſame ſhall be obſerved in time to come.

It having been alſo cuſtomary of late years, to allow an advanced value of 16 per cent. to the new coins called ſicca, which 16 per cent. after three years circulation has been reduced to 11 per cent. above the value of the current rupee: And as the current rupee not being a coin, but a denomination of money, and thereby not liable to any falſification or wearing by circulation, ought to preſerve conſtantly the ſame invariable value with reſpect to all the other ſilver coins in Bengal;

The Company therefore, under the authority aforeſaid, having reſolved to put an end to all confuſion in future, do for this purpoſe determine, that the rupee current ſhall be the ſtandard money of Bengal; and in order to preſerve it merely as a ſtandard, conſiſting of a determinate quantity of fine ſilver, they hereby forbid the making of any current coin of the exact value, or which ſhall ever carry the denomination of a *rupee current*, to the end that this *denomination*

tion of money may at no time be ſubject to the inaccuracy of coinage, or of wearing in circulation.

And as the weight of all rupees in Bengal has been regulated at one ſicca or ten maſſa weight of ſilver of the fineneſs of 98 parts fine to two parts alloy, and in reſpect that the current rupee has been always rated at $\frac{100}{111}$ parts of the value of ſuch quantity of ſilver:

Therefore it is hereby declared, that the value of this current rupee ſhall from henceforth remain fixed at $\frac{100}{111}$ parts of one ſicca weight of ſilver of ninety-eight parts fine in the hundred to two parts alloy.

And whereas one ſicca weight is equal to 7 dwts. 11.5511 grains, or 179.5511 grains of Engliſh troy weight, and as $\frac{100}{111}$ parts of the ſaid weight are equal to 163.228 troy grains; it is alſo declared, that one rupee current ſhall at all times carry the value of 163.228 grains of ſilver, of the fineneſs of $\frac{98}{100}$ parts, as has been ſaid.

And, for the better aſcertaining of the value of this current rupee, which from henceforth is to be the invariable ſtandard of the money of Bengal, a maſs of ſilver of the exact fineneſs of $\frac{98}{100}$ parts to two parts alloy, has been made with the greateſt accuracy, which weighs 16322.8 grains of troy weight, which maſs is hereby declared to be the exact value of 100 current rupees of Bengal, and is ordered to be depoſited at Calcutta, under the care and cuſtody of the Governor and Council of Bengal, as the perpetual ſtandard for aſcertaining the weight and value of 100 current rupees, in all time to come.

And it is hereby directed, that the ſaid maſs of ſilver be conſtantly kept in the Council Chamber, and depoſited in an iron cheſt, to be prepared for that purpoſe,

purpoſe, with three locks and keys; and that one of the keys be lodged with the Governor, one with the aſſay-maſter, and one with the mint-maſter for the time being; and that the ſaid box be not, on any account or pretence whatever opened, but in the preſence of a majority of the members of council, in council aſſembled; and that notice be given *in writing* to the aſſay-maſter and mint-maſter by the ſecretary of the council, at all ſuch times, and on all ſuch occaſions, as a majority of the council ſhall deem their attendance neceſſary, in order to open the cheſt in which the ſaid ſtandard is to be depoſited.

And as the weight and fineneſs of the current rupee hath been fixed and eſtabliſhed in the manner already mentioned, it is further declared, that all legal ſilver coins in Bengal, &c. ſhall in future be valued, and ſhall have currency according to their intrinſic value relatively to this current rupee.

But whereas in times paſt contracts may have been made, and obligations entered into, according to the ancient proportion of the ſilver coins, including their battas in favour, or in deduction of their ſeveral values; and as the Company intend to preſerve entire the intereſt of all parties bound in ſuch contracts, It is therefore declared;

That all perſons who have contracted obligations to pay ſums of money in ſicca rupees, ſhall ſpecifically pay the ſame at the rate of 116 current rupees, for every 100 ſicca rupees, leſs or more for which they have been bound.

That thoſe who have contracted obligations to pay ſums of money in ſunat rupees, ſhall ſpecifically pay the ſame at the rate of 111 current rupees, for every 100 ſunat rupees, leſs or more for which they have been bound.

That thoſe who have contracted obligations to pay ſums of money in duſs maſſa rupees, or in ſuch rupees as ought to carry the weight of one ſicca, or 16 annas,

annas, ſhall ſpecifically pay the ſame at the rate of 110 current rupees, for every hundred duſs maſſa rupees, leſs or more for which they have been bound.

That thoſe who have contracted obligations to pay ſums of money in arcot rupees, ſhall ſpecifically pay the ſame at the rate of 108 current rupees, for every 100 arcot rupees, leſs or more for which they have been bound.

And, whereas it is impoſſible that the moſt exact coin can long circulate without its weight being impaired: And whereas the ſpecific weight of the rupees of Bengal has at all times been conſidered to be one ſicca weight of ſilver of $\frac{98}{100}$ parts fine; it is hereby appointed that the only legal ſilver coin of Bengal ſhall, in future, be this rupee, or multiples of this coin.

That the weight of each legal ſilver rupee in the coin ſhall be one ſicca weight.

That the fineneſs of all ſilver, coined into rupees or multiples thereof, ſhall be 98 parts fine and 2 parts copper, without any remedy for weight or fineneſs, and that this fineneſs ſhall be called *the ſtandard of Bengal.*

That out of 100 ſicca weight of ſilver of 80 parts fine to 20 parts alloy, ſhall be coined 1280 pieces, which ſhall carry the denomination of one anna: or 640 pieces, which ſhall carry the denomination of two annas: or 320 pieces, which ſhall carry the denomination of four annas: or 160 pieces, which ſhall carry the denomination of eight annas, or of one half ſilver rupee. And, that the quantity to be coined of ſuch ſmall denominations, ſhall be according as the Eaſt-India Company ſhall direct for the uſe of circulation, and for the facility of exchanging the ſtandard ſilver coins: But this ſpecies of coin ſhall not be deemed a legal tender in payment, for more than the value of one ſilver rupee, unleſs by conſent of parties.

That

That the circulation of cowries ſhall be permitted, notwithſtanding this regulation, for the exchange of ſilver rupees, but with this reſtriction, that the ſaid cowries ſhall not (without conſent of parties) be allowed as a legal tender above the value of one anna piece.

That whatever old ſilver coin or bullion of any fineneſs may be brought to the mint to be coined, ſhall be delivered to the aſſay-maſter, who ſhall convert it into ingots of Bengal ſtandard fineneſs, and who ſhall redeliver the ſame ſtamped with a proper ſtamp upon them.

That the expence of refining ſilver worſe than ſtandard, ſhall be paid for by the proprietor of the ſilver, according to a table of prices, in proportion to the quantity of alloy the ſilver may contain.

That nothing but ſilver of the Bengal ſtandard ſtamped by the aſſay-maſter, ſhall be received by the mint-maſter, upon which there ſhall be a batta upon the weight of 2 $\frac{1}{2}$ per cent. deduction for coinage. That the ſaid deduction once allowed, the proprietor of the ſilver ſhall receive from the mint-maſter the full remaining weight of his ſilver, in ſilver rupees, free of all charges whatſoever.

That all payments of 100 or more legal ſilver rupees, ſhall, at the requiſition of the receiver, be delivered in bags to be verified in a ſcale with reſpect to their weight. That all deficiency in weight which ſhall not exceed one per cent. ſhall be made good by the payer to the receiver *at the full value of the coin:* And that in ſuch bags no anna piece ſhall be included with the legal ſilver rupees, when to be ſo verified in a ſcale as aforeſaid.

That

That all coin of Bengal ſtandard fineneſs, which ſhall be found more than one per cent. light of its ſtandard weight, ſhall be received at the rate of *bullion at the mint*, that is to ſay, at 2 $\frac{1}{2}$ per cent. below its weight.

That coin below Bengal ſtandard fineneſs, ſhall have no currency at all as legal money; but may be delivered as merchandize as parties can agree, or may be delivered to the mint, according to the above regulations.

That all payments by the Company ſhall after the day of be made in ſilver rupees of ſtandard weight and fineneſs.

That no ſingle piece of legal coin below ſtandard weight, of whatever denomination or value it be, ſhall paſs current in virtue of the ſtamp, but with the batta appointed to take place in ſums of 100 ſilver rupees, unleſs by the conſent of parties.

The fatal conſequences which have followed upon a gold currency's being introduced into Bengal, as lawful payment of money due in the ſtandard ſilver currency of the country, having been taken into conſideration; and it appearing to the Company, that from ignorance or miſrepreſentation the gold coins were rated many per cent. above their due proportion of value to the ſilver coin: It is therefore appointed that in future, no gold coin whatſoever ſhall carry any legal denomination with reſpect to rupees, either ſilver or current; but ſhall paſs in payment as merchandize according as parties may agree.

But conſidering that there has been at all times ſome gold coins, either ſtruck in Bengal, or received into Bengal from other countries; and conſidering alſo the great uſefulneſs of ſuch gold coins, both for ſupporting a correſpondence

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in trade with provinces where gold coins circulate as current money, and for augmenting the quantity of circulation, which from the various abuſes mentioned has been diminiſhing for ſome time paſt, the Company have thought fit to make the following regulations:

That gold bullion may be delivered to the aſſay-maſters, at all the Company's mints, who ſhall reduce it to Bengal ſtandard, viz. to $\frac{95}{100}$ fine. That, in like manner, it ſhall be received by the mint-maſters, when ſtamped by the aſſay-maſter, and ſhall at the deduction of one per cent. upon the weight, as the price of coinage, be delivered to the proprietor in ſtandard gold rupees of one ſicca weight, or in the multiples of ſuch rupees as the proprietor ſhall requeſt.

That no gold coin ſhall be made of leſs weight than one ſicca, or below the fineneſs of the Bengal ſtandard.

That whereas the current money of Madras is in gold pagodas, of the weight of 2 dwts. 4 $\frac{17}{20}$ grains, and of the fineneſs of $\frac{86\frac{1}{4}}{100}$; it follows that 3.8602 gold pagodas of lawful weight and fineneſs are of the value of one gold rupee. Therefore, it is declared that the currency of pagodas in Bengal, and the currency of gold rupees in Madras, ſhall be regulated according to the following proportion, viz. That 100 gold rupees ſhall paſs for 386.02 pagodas; and that 100 pagodas ſhall paſs for 25.905 gold rupees.

And further, if it ſhall happen that any tranſaction or payment ſhall take place between the inhabitants of Bengal, in which it ſhall be neceſſary to convert the value of gold coins of foreign nations into the gold rupees abovementioned, in all ſuch caſes, the value of foreign coins ſhall be converted at one per cent. below their intrinſic value, when compared with the gold rupees of Bengal; the ſaid one per cent. being the deduction to be taken at the mint for recoining gold, excluſive of the expence of refining above ſpecified.

But,

But, in reſpect that the pagodas of Madras, and the gold rupees of Bengal are coined under the ſame authority; it is declared, that they ſhall paſs current in their reſpective diſtricts for their intrinſic value, without the deduction of any batta or price of coinage whatſoever.

Theſe are the regulations which appear to be the moſt expedient for removing the preſent confuſion in the coin and current money of Bengal; and theſe are alſo what appears to be the moſt conſiſtent both with principles and common ſenſe.

I am ſorry however to obſerve, that they are not ſuch as can be executed without inconvenience, and even loſs to the Company. Paſt abuſes muſt be followed by future loſſes.

I have obſerved that no part of the emolument of raiſing the denomination of the coin by recoinage, has hitherto fallen to the ſhare of the Company. But if this arbitrarily raiſing of the coin has already taken place to the profit of individuals, can any perſon adviſe the Company, by an operation equally arbitrary, to cut it off, to the prejudice of thoſe who have honeſtly received in payment this coin, thus arbitrarily raiſed?

The ſicca rupees of the eleventh ſun, which according to cuſtom ſhould have fallen 3 per cent. in September laſt, have been ſupported at their full value of 116 rupees current for 100.

All ſunat rupees recoined have been alſo raiſed to ſiccas. Were the Company at once to retrench this extraordinary batta of about 5 per cent. and order all rupees whatſoever of full weight and ſtandard fineneſs to be received at 110

 rupees

rupees current for 100 and no more, would not this be breaking faith with the public, at the time they propoſe to eſtabliſh it?

What part therefore appears to be the moſt rational to be taken?

From the lights I have received, I ſhould adviſe to repeal the regulation of 1771, as being done without the authority of the Company: To reſtore the former policy as to ſicca rupees: To allow them to become ſunats, according to the accuſtomed battas, the ſecond and third years of their currency: To cut off the profit gained by the mint in coining ſicca rupees for the future: To iſſue whatever ſilver rupees may be coined, at the rate of 110 current rupees for the 100: To appoint that new rupees ſhould no more be called *ſiccas*, but *ſilver rupees*, in order neither to perplex the accounts which are kept in *ſiccas*, nor to diminiſh the value of the Company's revenue which is paid in *ſiccas*.

By the regulation above-mentioned, it has been provided, that whoever owes a ſum of ſicca rupees, ſhall ſpecifically pay the ſame at the rate of 116 rupees current, for every 100 ſicca rupees contained in his obligation.

Now, while this extraordinary batta was allowed upon the ſicca rupees, they were in commerce really worth 16 per cent. better than the current. There is therefore no reaſon why any perſon ſhould gain or loſe upon the taking away of this arbitrary batta. An example will make this plain:

A. and B. have each a farm of the yearly rent of 100 rupees; A. is obliged to pay ſicca rupees, B. is obliged to pay in duſs maſſa rupees: Will it not be allowed that A. pays 6 per cent. more rent; and, conſequently, cæteris paribus, that his farm is 6 per cent. better than the farm of B.?

Suppoſe

Suppoſe then, that the extraordinary batta on the ſicca rupees is taken off, and that what was formerly *ſicca* ſhould become *ſilver rupees*; is there any reaſon why the rent of A. ſhould be brought upon a level with the rent of B. and that the landlord ſhould loſe 6 per cent. upon his rent? Certainly no.

Conſequently, A. will with reaſon be obliged to pay for his farm 116 current rupees, and B. will continue to pay 110 current rupees. By this method of arranging the matter, I do not perceive any loſs the Company will ſuſtain beyond what they have done in time paſt.

There will certainly be no loſs to the Company in iſſuing the new ſilver rupees at 110 current for the 100 ſilver rupees; ſince the Company cannot ſay they ever put any of this imaginary batta as a real value into their accounts. And the $2\frac{1}{2}$ per cent. upon the coinage, will I imagine ſufficiently defray the expence.

It may be ſaid, that ſuch a regulation may ſtop the mints; becauſe it was on account of this batta on ſiccas that coin was brought to the mint.

To this objection I anſwer, that if the other regulations concerning light coin, and low ſtandard be obſerved; and if the mint be laid open to every perſon who has ſuch light coin in his hand, he will, nay he *muſt* carry it to the mint; becauſe he will not be able to make a payment with it any other way.

If light and baſe coin be proſcribed in circulation as money, what can any man do with it? He who owes muſt pay; and when a man has ſilver, and that his ſilver can be turned into money, his excuſe for having no money will

never

never be admitted by any body. This is common ſenſe, it is an univerſal principle, and the experience of all nations proves it to be true.

If light and baſe coin be allowed to circulate as money, then indeed nobody will go to the mint, and it is in order to bring it to the mint, that ſuch coin ought to be proſcribed.

Cauſes of the Scarcity of Coin in Bengal, and of the Methods which may be employed to leſſen the bad Conſequences thereof.

THE complaints of a ſcarcity of coin in Bengal, once ſo famous for its wealth, are ſo general that the fact can hardly be called in queſtion.

The revolutions of government in Hindoſtan, the ravages by foreign conquerors, and domeſtic tyrants, have no doubt, on one hand carried off the treaſures, as on the other they have interrupted the trade and induſtry of the inhabitants, which for many ages had been the means of heaping them up.

Before the exiſtence of an internal revenue, in favour of European nations who traded in the commodities of the country, an equivalent in ſilver was conſtantly brought from Europe for the balance of Indian goods exported from Hindoſtan.

But upon the Eaſt-India Company's acquiring a revenue, exceeding by very far the greateſt inveſtments of Indian goods, the importation of ſilver into India

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ceaſed from the part of England; but the exportation of goods went on nevertheleſs, conſequently the induſtry of the workman was paid for with the money of his own country.

The conſequence of this was, to diminiſh greatly, if not quite to abſorb that fund of domeſtic induſtry, from the exportation of which the country drew every year new treaſures from foreign nations.

There is no nation any ways converſant in trade, which does not exchange ſome commodities againſt thoſe of the nations with whom it trades, and if there be wealthy people in ſuch countries, they will retain their taſte for foreign luxuries, even although the conſumption of them ſhould be prejudicial to their native country. We are not therefore to ſuppoſe that Bengal has been an exception from the general rule. Conſequently the goods exported from Bengal by the Engliſh, having occaſioned no importation of money from England in return, the importation of goods from England, and from their Indian neighbours, muſt have been paid with the money of Bengal exported, to the diminution of the general fund.

The articles of importation into Bengal as far as they are not compenſated with the exportation of their own commodities, not bought up with the very money of the country, is therefore one article of drain from their original wealth.

The ſecond I ſhall mention, is the ſpecie carried out by the Company for the China market, which, in the ſpace of three years, amounts to about 720000l. ſterling.

The third is, the annual ſubſidy paid to the Great Mogul, which is ſent out of Bengal, and never returns.

The fourth is, the money laid out in buying diamonds.

The Company conſidering the diamonds of the country as no way uſeful for carrying on circulation, permitted the exportation of them. The conſequence was, that preſents, which otherwiſe would have been made in coin, were made in jewels; and as the jewels in the country were of a limited extent, and that there are no diamond mines in Bengal, the coin was ſent out of Bengal for the purchaſe of the diamonds, and was virtually exported to the diminution of their wealth.

The fifth drain is the lending of money to foreign nations trading to India: Such as the French, Dutch, Danes, and Swedes; all theſe nations have a trade to Hindoſtan, China, and other parts of India.

The Dutch carry on this trade, and pay a great part of their inveſtments every where in ſpiceries, which are the product of their own dominions, the ſpice iſlands.

This is a fund the moſt extenſive, and the moſt inexhauſtible: Extenſive, becauſe ſpiceries are a neceſſary of life to moſt of the Indian people: Inexhauſtible, becauſe nature produces a new ſupply every year.

It is a queſtion worthy of diſquiſition, whether the ſpice iſlands do not produce to Holland more clear revenue, than all our Eaſt-India Company can realiſe from their ſettlements in Aſia. A revenue collected at a ſmall expence; adminiſtered with the leſs abuſe, becauſe inſtead of conſiſting in money, it conſiſts in natural produce; and becauſe the countries which produce it, not

being

being expoſed to foreign enemies, the enormous expence of armies and fleets is entirely ſaved.

Theſe circumſtances conſidered, it follows, that the Dutch have leſs occaſion for ſilver, in carrying on their Indian trade, than any other European nation, Great-Britain excepted. Whatever money, however, is borrowed by the Dutch, French, Danes and Swedes, from Britiſh ſubjects reſiding in the ſettlements belonging to the Eaſt-India Company, may very juſtly be put down as an article of drain from the coin in queſtion.

The French, Swedes, and Danes, among other branches of Indian trade, ſend each two ſhips to China yearly, from which country they import above ſix millions of pounds weight of tea; the greateſt part of which is from the French ports in our neighbourhood, ſmuggled in upon the coaſts of Britain and Ireland, and into our ſettlements in America and the Weſt-Indies.

The China trade is what requires *ſilver* the moſt of any. The only method for the French, Danes, and Swedes, to procure this commodity, is by converting the return of their trade into bills upon Cadix, where at a great expence they procure ſilver.

Now if they can borrow money from Britiſh ſubjects in our Eaſt-India ſettlements, at a lower rate than they can procure it at Cadix, there is little doubt but they will do it; and if Britiſh ſubjects can lend money to thoſe nations at a higher rate than what they can procure to themſelves by remitting through the caſh of the Eaſt-India Company, there is little reaſon to doubt of their accepting ſuch offers.

Beſides

Beſides the China trade of thoſe nations, concerning which we are now enquiring; namely, the French, Dutch, Danes, and Swedes: The French occaſion a drain peculiar to themſelves: They have conſiderable ſettlements on the coaſt of Choromandel, and they have occaſion for money to make their inveſtments there. The money therefore they borrow from the Engliſh in Bengal, they carry out of the country never to return; and conſequently this alſo may be ſtated as another article of drain.

Upon the whole, with reſpect to the lending to foreigners, we may conclude, that whatever ſum be lent, more than what is inveſted by the borrowers in the country of Bengal, is drained from thence. I have pointed out the intereſt they may have to carry the coin away, in order to counterbalance the common opinion, of there being little loſs to Bengal from the lending of money to foreign nations; becauſe it is ſuppoſed to be inveſted in merchandize, the product of Bengal.

The ſixth drain is a conſequence of the internal ſituation of Hindoſtan. The Company's ſettlements are environed by many hoſtile nations: This of neceſſity draws the army towards the frontier. The expence of an army is very great, and one great part of this expence is its ſubſiſtence.

Whoever furniſhes any article for the conſumption of an army, makes the price it is bought with his own; conſequently all the money ſpent for articles furniſhed by the neighbouring countries, is loſt to Bengal. The extent of this article may be enquired into by the Company; a hint is ſufficient to call their attention towards an object of ſo great moment.

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At ſetting out I obſerved, that every thing exported from Bengal for value received from abroad, not paid for out of the Company's revenues, was an article of augmentation of the coin. That every thing imported from whatever quarter, and paid for with the money of Bengal was an article of drain.

This being eſtabliſhed, I muſt ſtate, as the ſeventh article of drain, whatever raw-ſilk, cotton, or other merchandize fit for manufacture is imported from other nations, unleſs as far as it is paid for by the exchange of commodities.

The importation of the raw materials for manufacture is in general a moſt profitable branch of trade to an induſtrious nation. But if we ſuppoſe theſe materials, when manufactured, to be exported without any value received in return from abroad, the conſequence with reſpect to the object now under conſideration, will be the ſame as if ſuch raw materials were manufactured for the conſumption of the inhabitants themſelves. Such manufactures therefore, when actually conſumed in Bengal, will contribute to augment the luxury of that country at the expence of its wealth; and when exported by the Company they will add to the wealth of the Company, when realized into money, at their London ſales, but ſtill at the expence of the wealth of Bengal.

The eighth and laſt drain I ſhall mention, is the money ſent by the Company from Bengal to Madras and Bombay. The extent, as well as the neceſſity of this drain is ſo well known to the Company, that it is here ſtated for memory only.

Theſe are the drains which occur to me from the very ſlender knowledge I have of the trade of Bengal.

I muſt

I muſt obſerve upon the whole, that I have conſidered Bengal as a country by itſelf, not as making a part of Hindoſtan. I have made no allowance for the profitable branches of trade, which ſome parts of Hindoſtan may carry on with Perſia, Arabia, and other countries. We muſt not in this enquiry confound things which ought to be kept ſeparate. If riches flow into the large continent of Hindoſtan, we muſt enquire by what means they come to center in Bengal. We have conſidered even the money ſent to the Great Mogul, as a drain from Bengal; we cannot therefore reckon as a recruit, what money may come to Hindoſtan, unleſs we can trace its progreſs to the country in queſtion.

I muſt further obſerve, that the reſearch I have made concerning the drains from the Bengal treaſure, has been done with a view to direct a better enquiry into thoſe important affairs. Until the abuſes and the defects in the policy of a people can be known with accuracy, it is impoſſible to deviſe a remedy for them. This cannot be done but on the ſpot; and when it is done, the vice itſelf will beſt point out its cure.

Theſe are the drains which carry off the ſpecie from Bengal, and very conſiderable they appear to be, although I cannot make a juſt eſtimate of them.

But let us compare the preſent ſituation of that country, bad as it is, with that of the ſame country before the Company became proprietors of the revenue, which has in a great meaſure ſtopped the influx of ſilver from Europe.

This we are enabled to do from the following paſſage in Mr. Mandevile's Letter, dated Nov. 27, 1750, and publiſhed in the Miſcellanies, page 2. "As the King's revenues, and other money (ſays Mr. Mandevile) are annually "ſent to the Mogul's court at Dehli, the money is ſent in new coined ſicca "rupees;

"rupees; therefore not only the bullion but alſo the rupees of other provinces "imported into Bengal, in the courſe of trade, are every year new coined in "the Bengal mint; and this ſweeps away almoſt all the ſilver, coined or un- "coined, which comes into Bengal; it goes to Dehli, from whence it never "returns to Bengal; ſo that after ſuch treaſure is gone from Muxadavad, there "is hardly currency enough left in Bengal to carry on any trade, or even to go "to market for proviſions and neceſſaries of life, 'till the next ſhipping arrives "to bring a freſh ſupply of ſilver."

Now if there be no exaggeration in this account of the currency of Bengal, before the Company got poſſeſſion of it; what concluſions are we to draw from it with reſpect to the currency at preſent? a country ſwept almoſt clear of all its coin once in a year, and filled with it every year by new importations! can ſuch a country ever have been very rich? I think it cannot: And what can be the effects of the preſent drains compared to this? The Company certainly may know what quantity of ſilver they uſed formerly to import into Bengal. They may from this eſtimate what the reſt of the European trade may have yearly amounted to. They may even diſcover the yearly amount of what uſed to be ſent to the King to Dehli.

This Drain at leaſt to Dehli is pretty well retrenched; and a greater could not be. So if we compare Mr. Mandevile's account with the preſent ſtate of affairs, I think Bengal muſt be a gainer upon the whole. It is in Bengal not in London that queſtions like this are to be reſolved.

I ſhall now conſider, firſt, what remedies may be applied for ſtopping, or at leaſt for diminiſhing the drains complained of; ſecondly, what reſources may be opened for compenſating ſuch loſſes as cannot be avoided; and laſtly, what contrivances may be invented for augmenting the currency of this country.

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With reſpect to the great influence which the acquiſition of the territorial property of the Eaſt-India Company has had in intercepting the influx of money into Bengal, it is in vain to think of a remedy without ſacrificing the intereſt of Great-Britain, and of the Company itſelf to that of Bengal. All therefore that can be done in this particular, is to carry on the trade to the beſt advantage for the Company and for this nation, conſiſtently with the permanency of it. Not to kill the hen which lays the golden eggs, but to feed her and preſerve her.

As long as the Eaſt-India Company continued to be merely a ſociety of merchants, trading to Bengal, it was their intereſt, and that of the mother country, to export thither every article of Britiſh luxury, as well as manufactures.

The more of theſe they could import into India, the leſs ſilver was required for their trade: But now that this very country is in a manner our own, if we wiſh long to draw advantage from it, we muſt endeavour to indemnify it for the gratuitous exportation of the many manufactures, which we formerly bought with ſilver ſent thither.

Inſtead therefore of furniſhing them with articles of European luxury, which we have enumerated as one article of drain to their treaſure, we ought to fall upon every expedient, to procure for them articles of raw productions from every part of the world. We ought to encourage every branch of trade between them and the Indian nations; and we ought to protect the induſtrious inhabitants from the rapine and extortions of their Indian as well as of their European lords.

Several

Several means of executing this plan will occur as we go along, and it is unneceſſary to anticipate them in this place.

The deficiency of the Bengal currency, is in no reſpect ſo prejudicial to Great-Britain, as by checking the China trade, which we have mentioned as the ſecond drain.

Could the annual inveſtments for the ſingle article of the tea brought into Europe by the French, Danes, and Swedes, be made by the Company out of the revenues of Bengal, the Indian trade of theſe three nations would ſoon be deſtroyed.

With reſpect to the Dutch, they will ever continue the moſt formidable competitors to the Engliſh Company. While ſpices grow, they will have little occaſion for ſilver at the China market.

For the China trade therefore, the Company, I am afraid, will be obliged to ſeek for ſuch reſources, from the ſilver which will flow in upon them from the ſales of their own goods.

The Eaſt-India Company have imported, during the three laſt years, about 27 millions of pounds weight of tea; in which time have been ſold about 24 ½ millions of pounds; and of which 24 ½ millions of pounds have been exported 3 ½ millions; and Government has received for duties on teas, during the above period of time, about two millions, one hundred and fifty thouſand pounds ſterling.

The quantity of foreign teas belonging to the French, Dutch, Danes, and Swedes, ſmuggled into Britain, Ireland, and America, is eſtimated at four millions of pounds weight. The return of this trade is chiefly in money; but be it

in what it will, it is always an article of balance of trade againſt us. Would it not therefore be an advantage for Great-Britain, that the Company ſhould engroſs ſo much of the tea trade, at leaſt, as to ſupply the conſumption of the Britiſh dominions, at whatever expence of ſilver ſuch inveſtments might be made? And, would it not be for the advantage of Great-Britain, that ſuch deductions of the Cuſtom-Houſe duties ſhould be granted upon the exportation of teas, as ſhould enable the Company to underſell their rivals in every market?

It is no objection againſt this propoſal to ſay, that Government would thereby prove aſſiſting to the ſmuggling trade, to the prejudice of the revenue. Becauſe there is no reaſon to relax any thing of the ſeverity of the laws againſt ſmuggling, or of the care to prevent it. The object to be obtained, is to indemnify Great-Britain for the exportation of their coin, carried off by the ſmugglers; and ſince you cannot ſtop ſmuggling; it is good, I think, to render it as little prejudicial as poſſible to ourſelves, and as little profitable as poſſible to our rivals in the Indian trade.

In the next place there can be no loſs in granting drawbacks on the exportation of a quantity of teas, which never will be imported, except in conſideration of ſuch drawbacks.

At a time when the balance of the trade of Great-Britain is ſo very low, can it be ſaid that the amount of the whole Cuſtom-Houſe duty upon tea is able to compenſate the advantage of ſo great an article of exportation as this would become, were the India Company to undertake, in conjunction with the Dutch, the monopoly of tea for all Europe and America?

The great quantity of tea brought to Europe, is or may be very eaſily aſcertained. It is very certain that the whole demand for that article is amply ſupplied; conſequently the extent of the undertaking may be calculated.

We

We know that the French, Danes, and Swedes cannot procure tea in China cheaper than the Eaſt-India Company; nay certainly not ſo cheap. We know that the Dutch cannot inveſt in ſpiceries for the China market, beyond the demand for ſpiceries in that market; and we may be certain that at preſent they inveſt to the utmoſt extent of that demand. The Eaſt-India Company are not therefore to attempt to rival the Dutch in this branch of trade: All they have to do is to make good the deficiency of the Dutch teas for the ſupply of Europe and America.

By following this plan, and by ſending ſilver from Europe to the amount of all the teas imported, the Company will ſtop the great drain of ſilver from Bengal, concerning which we have ſpoken: This at the ſame time will ruin the China trade of the French, Swedes, and Danes; and at no greater expence to Great-Britain than what ſhe pays at preſent to ſmugglers, who enrich the foreign Companies. And if the Cuſtom-Houſe duty upon tea exported be ſacrificed for obtaining this great end, the balance of the trade of the nation will be proportionally augmented.

The third drain mentioned, is the money annually ſent to the Great Mogul. It is not eaſy to find a remedy for this, unleſs the Company ſhould think fit to relax ſo far the rigour of their regulations, as to permit their ſervants to accept of preſents from this great prince, or to make him pay an equivalent in one way or other for the money he receives. This might be done by introducing the trade of European luxuries into his court, by which ſome part, at leaſt, of what he gets, might be drawn back again.

The drain occaſioned by the exportation of diamonds, was mentioned merely as a hint, in order to draw the attention of the Company towards the conſe-

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quence of preſents, which formerly were more familiarly beſtowed upon individuals than now, when more order and regularity are introduced into the government of Bengal.

All therefore that is neceſſary to be done is to check the *gratuitous* exportation of diamonds; or in other words the preſents which are made in them; and to put the diamond trade, in return for coral and other rich commodities, under the beſt regulations conſiſtent with the liberty of it.

The fifth article of drain was in conſequence of lending money to foreign nations, engaged in the Indian, but principally in the China and Choromandel trade.

It has been ſaid, that whatever ſum is lent to thoſe foreigners, more than what they inveſt in Bengal goods, is a drain upon Bengal. Theſe proportions I could not aſcertain, and therefore I contented myſelf with pointing out both the uſes which foreigners had for money in China and Choromandel, and the methods they fell upon to procure ſilver; namely, either from Cadix, or from the Company's ſervants; taking it for granted, that they would provide it wherever they could find it on the moſt reaſonable terms.

I have ſaid all that is neceſſary concerning the poſſibility of ſtopping the China drain. If Europe and America be provided with China goods (which were conſidered under the article of tea) by ſilver ſent from Europe; this I think will ſtop the drain of ſilver from Bengal to China.

But as long as the Company's ſervants have money, which they wiſh to ſend to Europe, nothing will prevent them from lending it to foreigners, except the danger

danger of truſting to their credit, or a more advantageous offer for the loan of it to the Company. In proportion as the operations propoſed to be performed for monopolizing the China trade ſhall meet with ſucceſs, the credit of foreign companies will decline upon one ſide, and their demand for borrowing will diminiſh on the other. Again, In proportion as the expences of the Company ſhall increaſe, particularly, if ever they propoſe to fortify their frontier, againſt the invaſions of their neighbours, they muſt borrow money; and theſe ſchemes will provide an outlet for whatever may remain in the hands of their ſervants.* But leaving theſe conſiderations, and others which might be mentioned, to work effects proportionate to their cauſes, I imagine it muſt ever be the intereſt of the Company to facilitate the inveſtment of the property belonging to their ſervants, in a way ſo beneficial to the ſervants, as to cut off their deſire of lending money to thoſe who are the Company's rivals in trade.

I have been informed, that large ſums of money are yearly lent out to the occupiers of the lands of Bengal, in order to advance the improvement of the ſoil. That the intereſt exacted for ſuch loans is exorbitant, becauſe the repayment of the capital is precarious. Could poſſeſſions therefore be rendered leſs precarious; could induſtry be put more under the protection of law, this outlet alone might prove the beſt remedy againſt foreign loans, as well as the beſt expedient for improving the lands, and conſequently for increaſing the revenues of the Company.

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* Many and great are the objections againſt fortifications, eſpecially on the frontiers, where they will increaſe the ſixth drain: But without fortreſſes there is no keeping poſſeſſion of an open country, environed by ſtates who are powerful in the field. An expence eſſential for preſervation cannot be avoided; let it then be turned to the beſt account, namely, the ſtopping of this hurtful drain.

The ſixth drain, occaſioned by the reſidence of armies upon the frontiers of Bengal, is involved in ſuch intricacies, that it is very difficult to propoſe a remedy for it. It has been ſaid, that on ſuch occaſions the army muſt be provided with neceſſaries from countries, not under the dominion of the Company, filled with the worſt and moſt unequal coin; the denomination of which is however raiſed (according to the cuſtom of the country) far beyond its intrinſic value. From this would proceed a prodigious loſs, were the armies paid in the good and equal coin, which I now ſuppoſe to be introduced into the Company's ſettlements.

In this caſe, I believe the Company cannot do better than to make an agreement with the moſt intelligent ſhroffs to be met with, and to leave to them and to the officers of the army to conduct their own affairs.

The Company, I ſuppoſe, is to gain nothing from the army by this ſtep; ſuch a meaſure would be inconſiſtent with fair dealing; and were any thing of this nature attempted, the army would be diſſatisfied, the ſhroffs would gain an aſcendant over them, and the benefit of the contrivance would be loſt. Whereas by regulating a fair tarif of payments, and ſecuring a reaſonable profit to the ſhroffs, every ſoldier would come in for his ſhare of the profit. But whatever bad coin might, in conſequence of this manœuvre, happen to circulate upon the frontier, muſt not be allowed to have any courſe in payments within the country; nor is there any occaſion it ſhould; becauſe we are going upon the ſuppoſition that ſuch coin is neceſſary to be provided for the external expence only of the army, and no balance of payments can poſſibly, on ſuch occaſions, come into Bengal from the other frontier countries.

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I need not ſuggeſt, how neceſſary it is to ſupply the conſumption of ſuch armies from Bengal itſelf; or of what advantage it would be, to have good fortreſſes built upon the frontiers, in the moſt convenient ſituations, which may ſerve as places of refuge and protection, both for the inhabitants and their effects, upon every invaſion.

With reſpect to the laſt drain, which is occaſioned by the ſupplies of coin ſent to the ſettlements of Madras and Bombay, it was mentioned for memory only; and the Company are the beſt judges how far the advantages attending it, are more than ſufficient to compenſate the inconveniencies.

Methods which may be uſed for extending Circulation by the Means of Paper Credit.

LET us now ſuppoſe, that the nature of the drains which tend to diminiſh the current coin of Bengal have been pointed out, and that the methods for rectifying the abuſes, have been underſtood as hints for making more accurate diſcoveries upon the true ſtate of theſe important objects. The next objects of enquiry, are the proper methods for accelerating circulation; for by accelerating the circulation of the coin you have, you *virtually* increaſe the quantity of it; that is to ſay, a leſs quantity will be neceſſary for performing the ſame purpoſes.

The great branch of circulation in moſt modern ſtates, and in Bengal like the reſt, is the collection of the public revenue, and the expenditure of it. Promptitude, and punctuality in this particular, work ſtrongly by example upon every private tranſaction.

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The revenues of Bengal are, properly ſpeaking, the land rents of the country. Theſe have at all times been let in farm by the ſovereign, to ſubas, nabobs, and the greater ſubjects, who paying a fixed tribute to the prince, parcelled out their diſtricts to perſons of an inferior rank: Each of theſe in his ſmaller department did the ſame, until the loweſt in this ſubordination of leſſees collected his proportion from the labourers of the land.

We need not travel ſo far as Bengal to find examples of this œconomy. The cuſtom of farming every branch of revenue was very common over all Europe, not many centuries ago; and the method of farming whole eſtates, or of collecting the rents of landed property by an interpoſed perſon, is at this day very well known in France. The cuſtom of letting leaſes of very extended property in land, to people who farm it out, differs very little from the ſyſtem of Bengal.

Beſides the great loſs to the Company in continuing to follow this plan; the unheard of extortions, and the oppreſſion of the body of the people, which are the conſequences of it, call loudly for a change of management.

The money paid by the labourers of the ground, is at preſent interrupted in its courſe, at every change of hands, until by the repeated ſhroffage, it comes at laſt reduced, as I may ſay, to a ſhadow, into the Company's treaſure. This abuſe is felt, and acknowledged by every body, and unleſs it be reformed, the revenues of the Company muſt daily diminiſh, and be in the mean time very precarious.

It is no doubt an arduous taſk to undertake ſo great a reformation; but abſolute power, ſupported by juſtice and common ſenſe, will get the better of obſtacles, which in other countries would be unſurmountable.

It will require the greateſt talents, and the beſt information as to facts, to bring ſo great a change to a perfect execution. But let it be remembered, that William the Conqueror made a compleat ſurvey and valuation of a country leſs known to him, than Bengal is to the Eaſt-India Company; and nothing prevents the Company from availing themſelves of the principles of the feudal ſyſtem of government, in the execution of their plan.

If the whole lands of Bengal be valued: If a book be made out for every diſtrict of the country, and for every city and principal town, and the rent payable to the Company by every poſſeſſion, be therein ſpecified, it will be an eaſy matter to eſtabliſh a ſort of quit rent which may be payable by the whole diſtrict, to ſome man of conſequence, who may be conſidered as the ſuperior lord of it, without giving him any juriſdiction which may enable him to oppreſs the people, or interrupt the ſettled plan for levying the revenue. By this regulation the rents of the lands will paſs directly from the occupier into the hands of the Company; the circulation of money will be quicker; the revenue will be greatly augmented, and ſeveral of the moſt conſiderable people will be provided with revenues, independent of every one but the Company; inſtead of the wealth of the country being ſwallowed up, as at preſent by the ſhroffs, a ſet of people of no conſequence for ſupporting the authority of government, but who, like a canker-worm, are contrived to prey upon the vitals of the ſtate.

Were this firſt part of this plan put in execution, another may be made to ſucceed.

The labourers in Bengal are for the moſt part manufacturers; part of their rents, inſtead of being made payable in ſicca rupees, might be made payable in goods; and Stamp offices might be eſtabliſhed to aſcertain their being made without defect.

In the proximity of great cities, and in very populous diſtricts, granaries might be eſtabliſhed, and part of the rents might be received in grain for the ſupply of markets, at a price proportionate to the plenty of the year. Even theſe granaries may be converted into banks for grain, according to a plan which may be contrived for the circulation of ſubſiſtence, and even of paper credit within a ſmall diſtrict.

Theſe are mere hints which point out progreſſive improvement; but were I here to enlarge upon them they might appear ſo very chimerical, as even to diſcredit the thought itſelf. Let it however be obſerved, that what is here propoſed, is not intended to be executed by dint of authority. It is calculated ſo as to execute itſelf, as ſoon as the utility of it is perceived, and the credit of the Company is firmly eſtabliſhed.

I have without ſucceſs inveſtigated every principle upon which a paper currency, *under the authority, and upon the credit of the Company*, can be eſtabliſhed. But the principle upon which this branch of credit is grounded, is totally incompatible with ſovereign power. It is founded on private utility, and it has even occaſion for a ſuperior authority to keep it within bounds.

Were the Company to open a bank in Bengal, ſuch as the Bank of England; were this bank to become there, as the other is in London, the center of all circulation; and were it to get poſſeſſion of a great part of the coin of Bengal, what ſecurity could be given, that upon a preſſing occaſion, this treaſure might not be ſpent in the defence of the country? Were it made a bank purely of depoſit, like the Banks of Amſterdam, Venice, Nuremberg, and many others upon the continent; the depoſit contained in it would be expoſed to the ſame danger. Were it eſtabliſhed upon the mortgage of land property, and upon

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the beſt perſonal ſecurity, as the banks eſtabliſhed in Scotland are; the former inconvenience would not indeed be ſo great, becauſe the quantity of the bank treaſure never could carry ſo high a proportion to the notes in circulation. But on the other hand, where is there to be found a ſolid property in land to be mortgaged for ſuch an immenſe quantity of paper as is the unavoidable conſequence of this plan of banking? And this growing deficient the powers of ſuch a bank would be very limited. *

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* The circumſtances of the time engage me to point out the great difference there is between the circulation of paper by the Bank of England and by the Banks in Scotland.

The paper of the Bank of England iſſues and is ſecured upon a value *in money* belonging to the trade of England lodged in the Bank. The paper of the Banks in Scotland iſſues and is ſecured *upon land and perſonal eſtates* in the poſſeſſion of individuals, not lodged in the banks, but mortgaged to the banks. Both are ſecure; but both are not money. The bank paper of England repreſents money; the bank paper of Scotland repreſents lands and perſonal eſtates, *not money*.

Farther, the greateſt part of the notes of the Bank of England muſt return to it in leſs than ſixty days; becauſe they are iſſued *upon the diſcount of bills*, not exceeding that term. The notes of the Scotch Banks, *iſſuing upon permanent obligations*, may not return in many years. They accumulate therefore to a great ſum, although they may at a particular time come upon the Banks all at once.

What is wanting therefore to facilitate the circulation in Scotland is, a method to convert their land ſecurities into money, when occaſion requires it.

This is done virtually, for a ſhort time, by a bill upon London. This bill being accepted by a man of credit in London, is diſcounted at the Bank of England; but it muſt be repaid in ſixty days by drawing another bill, that is to ſay, it muſt be borrowed again for ſixty days longer, by the ſame operation, and ſo progreſſively. Were this loan to be made perpetual, inſtead of being made for ſixty days, it would put an end to this conſtant circulation, ſo juſtly complained of; which is nothing elſe than repeatedly borrowing the ſame ſum every ſixty days.

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A ſyſtem of paper credit, ſimilar to that eſtabliſhed in the colonies of North-America, where the paper is iſſued upon no other ſecurity than the bare promiſe of the colony to make it effectual, with an obligation to receive it in payment of their taxes; but without providing any fund to pay upon demand, either the capital contained in the note in ſpecific coin, or even an intereſt correſponding to the ſum during the delay of payment, is ſo defective a ſcheme, and one ſo liable to great objections, particularly to that of gradually debaſing the value of their money of account, that I never can recommend it to the imitation of any trading nation.

But altho' I am of opinion that no Bank can be eſtabliſhed in Bengal *under the authority of the Company*, with the ſame advantages as in Europe, where

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But the Bank of England cannot with propriety lend to perpetuity; no not even upon mortgage for any conſiderable time. The money they lend is not their own; it is the money of the trade of England. Is it poſſible therefore that they ſhould lend this money upon land ſecurity, for any conſiderable time? No, certainly; and were they to venture upon ſuch a plan, their credit would become as precarious as that of any London banker, who ſhould fix the money intruſted with him upon funds, which he cannot command at will.

The Scotch Banks therefore, muſt produce to the eyes of the public, a certain fixed and perpetual fund of annual income: They muſt next apply to Parliament, for an appropriation of this income to the purpoſe of paying the annuities ſecured upon it; and there is no doubt of the Parliament, who every year appropriates the tolls upon bridges and highways, as a ſecurity for borrowing money for the execution of ſuch works, ever refuſing to grant the appropriation of a certain fund in the hands of the Scotch Banks, for the purpoſe of borrowing upon annuities for ſupporting the credit of ſo great a part of the kingdom. This will enable the Scotch Banks to borrow money in London, in order to pay London debts, and it will deſtroy the ruinous expedient of a perpetual circulation of bills drawn for obtaining a two months credit; which never can extinguiſh the capital, and which upon any diſtruſt in the ultimate ſecurity of the drawers, acceptors or indorſers of ſuch bills, is apt to throw credit into the moſt violent convulſions.

governments

governments are better eſtabliſhed, and property well ſecured; ſtill I am far from believing that the circulation of Bengal may not be greatly aſſiſted by the uſe of paper currency.

I have obſerved above, that the lending of money to ſtrangers, by the ſervants of the Company who have a redundancy of wealth, contributed not a little to produce a drain of ſpecie from Bengal. I have alſo hinted, that certain reaſons might engage the Company to borrow this money from them upon reaſonable terms.

From this circumſtance, I think there is an opening for the eſtabliſhment of paper credit.

Let us then ſuppoſe the money borrowed by the Company from their ſervants in India, to be ſufficient to compenſate what the latter now lend to ſtrangers.

Were it propoſed to them, either to ſubſcribe their claims upon the Company, into a banking fund; or to receive reimburſement from the Company, to the extent of what may be ſubſcribed by others for this purpoſe; this new fund may be divided into ſhares, of rupees, transferable as the funds are in England, bearing per cent. intereſt, irredeemable by the Company for years, and an excluſive privilege may be granted to the ſubſcribers for the ſame number of years, for the purpoſe of carrying on a banking trade; by the iſſuing of notes in the diſcounting of good bills payable in days; or in conſideration of pledges of treaſure, jewels or precious effects depoſited in the Bank: Or upon the mortgage of good property, and the beſt perſonal ſecurity, for ſuch length of time as may be judged reaſonable and ſafe: Or in the purchaſe of gold and ſilver: Or laſtly, for advancing certain

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ſums of money to the Company, upon the ſecurity of their annual revenue, according to the practice of the Bank of England. All theſe articles of credit to be given in conſideration of ſuch rates of intereſt, as to the Company may ſeem reaſonable; and as the ſame may be regulated by the Company, in the charter to be by them granted to the ſaid Banking Company.

But the ſaid Banking Company ſhall be prohibited from launching out into any precarious object of commerce; or from iſſuing their paper upon any other ſecurities, except thoſe above ſpecified. Under theſe and ſuch other regulations as the Eaſt-India Company may think proper to add, this Banking Company may be laid open to natives as well as Europeans. It may begin to diſcount bills and notes of hand at ſhort dates, which it may renew according to the goodneſs of the ſecurity; and the Eaſt-India Company may with ſafety receive in payments the paper it iſſues upon diſcounting ſuch bills and notes, to the extent of the money owing by themſelves: Or they may furniſh out of their treaſures what coin may be neceſſary for the ready diſcharge of ſuch notes as may be preſented for payment at the Bank.

It will no doubt be neceſſary that the managers of the banking trade ſhould quarterly lay before the proprietors an exact ſtate of the notes in circulation, and of the ſecurities received by the Bank, at the time of their being iſſued. And for the greater ſecurity againſt the malverſation of thoſe who are in the direction of the Bank, and who muſt be choſen into the direction by the body of proprietors; let it be declared, That the ſum of in the banking ſtock ſhall be neceſſary to entitle any one to be a director: And further, that the whole property (in India) of ſuch directors, ſhall be pledged (while they hold their office) as an additional ſecurity for their good adminiſtration.

It is impoſſible to ſay what operations may be carried on by this Bank, and how far it may in time extend its credit. It may for this purpoſe open offices in all the principal cities of Bengal; which will be admirably well calculated for calling in and recoining all the old and unequal coin. The ſhroffs will naturally become proprietors, and will lend their aſſiſtance in this particular, which will be a douceur for them. They will be employed in a trade ſomething like what they now carry on; but it will be ſo fenced in by proper regulations, that it will have every advantage and none of the inconveniencies of the preſent practice.

If it be thought expedient to eſtabliſh granaries, or banks for the circulation of grain; this Company will be at hand for carrying on the operation.

In ſhort, it is impoſſible to foretel the many advantages which may follow the eſtabliſhment of credit, ſecured upon a ſolid fund of property in the hands and under the protection of the Company, who are to have no ſhare of the profit, and the greateſt intereſt in preventing the iſſuing of paper upon precarious ſecurity.

It would not I think be proper to admit any perſon of the council to be either a governor, or a director of this Bank; but I think it would be expedient to ſecure the property of the fund for the payment of the bank paper, excluſive of all other engagements the Banking Company may contract.

If we conſider the rate of money in Bengal, there will be perhaps 8 per cent. upon the bank ſtock, and 8 per cent. more upon diſcounting loans, &c. both together will produce ſo great an emolument as to engage people of wealth and property in the banking ſcheme: Beſides, the very notion of ſtanding upon a

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ſolid and independent footing, will be extremely flattering to many of the natives. And as the eſtabliſhment is planned upon the ſame principles as the Bank of England, it is natural to ſuppoſe that it may produce ſimilar effects in ſupporting the credit of the Company on one hand, and in being ſupported by the Company on the other.

As I have been inveſtigating every method to improve and augment the riches and circulation of Bengal, I cannot omit enlarging upon ſome circumſtances relating to what I may call their foreign trade.

I have endeavoured to find out a method for conducting thoſe reſources which proceed from herſelf (namely, the money that ſhe at preſent poſſeſſes) into a channel which may ſet new engines to work in order to augment circulation and encourage her manufactures; inſtead of ſerving as a bare equivalent for thoſe at preſent produced. This I hope will be accompliſhed by the eſtabliſhment of a bank, which is a more profitable employment for the Bengal money than lending it to our rivals in trade.

The conſequence of this will be that more European ſilver will flow in upon her, from ſources which we ourſelves at preſent are ſhutting up.

As ſoon therefore as the Company's inveſtments are made, and that the annual revenues from certain diſtricts are paid, or credit given for them: Let all the bazars be thrown open to every foreign merchant. Let theſe be conſidered *as the ſellers of ſilver*, not as the purchaſers of goods. Let not the Company graſp at the higheſt profit poſſible upon their trade; but let them be ſatisfied with the higheſt profits compatible with the proſperity of the country which enriches them.

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Were this regulation eſtabliſhed, every ſtranger who ſhould pretend to trade in a diſtrict which is in arrear of rent to the Company, will be conſidered as a ſmuggler, and the proſpect of obtaining a free trade by the payment of their rents, will be a powerful motive for the inhabitants of every diſtrict to make the promptitude of their payments a common cauſe.

This will engage them to apply to the Bank, and in order to obtain relief from this quarter, they muſt eſtabliſh their credit.

In this view the Bank will be a check upon every one who may have it in his power to oppreſs the labourer or the manufacturer; becauſe the profits of the Bank will depend much upon the credit of the inhabitants, and upon the preſervation of their property.

What a new phenomenon in Bengal, a *Shroff* director of a bank, from a blood-ſucker is become the protector of the labouring man! Intereſt does all. He ſucks the blood becauſe it is his intereſt ſo to do: He gives his protection from the ſame motive. By directing the intereſt of individuals to a proper object, good government is eſtabliſhed.

The foreign trade of Bengal is what alone can increaſe her wealth, or at leaſt, keep the ciſtern full in ſpight of its many leaks.

It is a general maxim, that exportations enrich a country, and that importations impoveriſh it. But this is to be underſtood in the way of trade.

The exportations made from Bengal by the Eaſt-India Company do not enrich it, any more than the importation of the ſpoils of the world impoveriſhed ancient Rome.

The foreign trade of Bengal, as I am now to conſider it, conſiſts in the raw materials for their manufactures, and in that part of ſuch manufactures as is ſold for money brought into the country.

The raw materials are principally cotton, cotton-yarn, and ſilk. The trade in theſe articles ought at leaſt to be free, not clogged with any duty, left entirely in the hands of the natives, and every protection and encouragement ſhould be given to thoſe who are concerned in it: Even bounties might be granted if neceſſary.

That the manufactures of Bengal need encouragement, is certain, ſince the quality of goods is ſaid to be inferior to what it was ſome years ago, while the prices are higher, and the ſupply leſs. This never can be the operation of trade. It muſt proceed from ſome internal defect, which ought to be well examined into, and its cauſes removed.

That the inveſtments of the Company ſhould be made in the beſt goods and the choice of the market, is juſt and reaſonable; but care ſhould be taken to prevent the Company's ſervants from becoming the purchaſers of what remains, with a view to make a profit upon it, in the retail to ſtrangers.

I do not object againſt this purchaſe becauſe a profit upon it does ariſe to the ſervants of the Company. This in my opinion ſhould rather be a reaſon for approving it, both in favour of the ſervants, and becauſe it is a drawback upon the profits of thoſe who rival the Company in its trade. But when we conſider Bengal to be a country belonging to the Company, expoſed to many drains in conſequence of this property, and to one among the reſt, not inconſiderable, viz. the price paid for the raw materials of all the goods exported by the Company without any profit *to Bengal*; it will appear expedient to encou-

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rage as much as poſſible the ſale of all that is over the inveſtments of the Company, in ſuch a way as to increaſe the demand of ſtrangers, which cannot be ſo well accompliſhed, as by leaving a reaſonable profit both to manufacturers and to foreign merchants. Had indeed Bengal no occaſion for foreign reſources, I ſhould propoſe no farther reſtrictions on the Company's ſervants in buying up goods upon their private account, than what might be neceſſary for the protection of the manufacturer.

To enter particularly into the regulations proper to be made with reſpect to the trade of Bengal, requires the moſt intimate knowledge of the ſtate of every branch of it. I ſhall therefore content myſelf with ſuggeſting the objects of ſuch regulations. Theſe I take to be,

Firſt, The branch of importations by the Company. As to this, the regulations will relate to the public ſales of the goods imported, and to the rules to be followed by all thoſe who are to vend ſuch goods in every part of the country. Uniformity muſt here be obſerved. If every purchaſer be not intitled to the ſame freedom; if every purchaſer be not ſubjected to the ſame duties upon retail; and if theſe liberties and theſe burdens be not exactly ſpecified; this branch of trade will never flouriſh as it ought to do, for the emolument of the Company, and the ready ſupply of the conſumer: And as I am informed that there is very little abuſe in this particular branch of trade, it will ſerve as a good model for regulating the reſt.

Secondly, The inveſtments of the Company for the European market. Here all proper encouragement muſt be given to manufacturers. If it be thought proper to accept of part of the rents of the lands in goods; ſuch goods muſt be of a determinate kind, ſo as to come under a regulation of prices; and although the nature and the proſperity of trade require freedom on all

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hands; ſtill this freedom is not incompatible with ſuch regulations, as may inſure to the manufacturer the prices and profits, which the Company ſuppoſe to be conſiſtent with the intereſt of their own trade, and ſufficient to produce a living profit to their induſtrious ſubjects, which from abuſes they are ſometimes deprived of.

Thirdly, The internal trade of Bengal; or the ſale of its manufactures for the conſumption of the country, and the ſupply of all other markets, by merchants, who are, or who are not in the Company's ſervice. What I ſhall obſerve concerning this, is that regulations ought to be made general with reſpect to all traders. Whatever cuſtom, duty or exciſe be laid on, let them affect every trader equally. Let the general and only Perwannah be the Company's regulation: Let the only duſtick be a permit from the Cuſtom-Houſe: Let frauds by the merchants, let oppreſſion by the Company's ſervants be puniſhed by courts of juſtice, who then will have a written law before them to regulate their deciſions.

The fourth and laſt branch of trade is the importations from the Aſiatic nations, principally conſiſting of the raw materials for manufactures: Of this enough has been already ſaid. I ſhall only add, that premiums may be given to thoſe, who will explore the rivers and avenues leading to the countries which abound in ſuch productions, and ſecurity granted to the natives who will bring ſuch goods to market.

Many bitter invectives have been thrown out againſt the exciſe impoſed upon ſalt, beetle-nut, and tobacco; and becauſe theſe articles of conſumption have been monopolized, and that the profits have fallen into the hands of private perſons, it is raſhly concluded that the trade in them ſhould be laid quite open.

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I confeſs that I ſee the queſtion in a very different light. The beſt of all taxes are moderate exciſes; the moſt productive exciſes are thoſe impoſed on the neceſſaries of life. They raiſe the price of living univerſally and proportionably, and therefore enable every induſtrious man to raiſe the price of his labour in proportion to the tax he pays. They are hurtful to the idle: But I do not attend to the intereſt of the idle, any further than to diſcover methods for making them induſtrious.

The plan followed in France for levying a tax upon ſalt and tobacco will furniſh the Company with many good hints for eſtabliſhing one branch of exciſe upon ſalt. I do not approve of extending it to tobacco and beetle-nut.

Beetle-nut and tobacco are the common productions of Bengal, and no exciſe ſhould be impoſed upon articles of conſumption, except when it can be eaſily levied without oppreſſion. It is therefore contrary to the principles of all exciſes to ſubject to that duty, what may eaſily be conſumed without paying it.

But ſalt is not a common production of Bengal; the places where it can be made are few, and at a great diſtance from the places where it muſt be conſumed.

I ſhall not pretend to lay down a plan for putting ſalt under an exciſe, but I ſhall ſuggeſt the principles upon which the plan may be formed.

The ſalt works muſt be excluſively in the hands, either of the Company or of their farmers. In France they are in the hands of the farmers. If in the hands of the Company; all the ſalt muſt be collected into certain magazines, and ſold at a certain rate to perſons who ſhall engage to ſupply every particular diſtrict

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of the country with ſalt at a certain fixed price. The difference between the prime coſt of the ſalt to the Company, and their ſelling price to the merchant, is the *Exciſe*.

The price at which the buyer of the ſalt for the proviſion of a particular diſtrict, is obliged to ſell it to thoſe of the diſtrict, is the *aſſize*; which aſſize ſhould be as many per cent. above the ſelling price of the Company, as to indemnify the merchant for all expence of tranſportation, riſk, &c. and alſo to afford a living profit for himſelf.

Were this regulation made, and prices fixed for every diſtrict, people would be found who would make the proper proviſion at the Company's magazine, and who would tranſport it to the place of conſumption.

As it cannot be ſuppoſed that every individual can go for a ſmall quantity of ſalt to the office of the diſtrict; retailers ſhould be appointed by the ſalt-office, for diſtributing the ſalt at a moderate profit above the office ſelling price, in every country village.

Theſe are the outlines of the plan adopted in France both for ſalt and tobacco, with ſome ſmall variations however, in conſequence of particular circumſtances relative to their method of farming and the like, and alſo to local exemptions from this duty upon ſalt, which make it very oppreſſive in thoſe diſtricts where it is collected; but which will be avoided in Bengal; firſt, becauſe there muſt be no local exemptions; ſecondly, becauſe there can be no foreign ſalt introduced, except by permiſſion of the Company; and, in the laſt place, becauſe the duty impoſed muſt be ſo ſmall as not to coſt the conſumer above the value of two rupees for the maund of 80 pounds weight, except on account of extraordinary diſtances, or of countries of very difficult acceſs; where,

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in every way the trade can be carried on, the commodity muſt bear an advanced price.

From this branch of exciſe, properly laid on, a great income will ariſe to the Company, and the country will be better ſupplied, than by any other method which can be contrived. It is not true that an open trade is always the beſt. The argument for it is, that the competition between dealers will bring down the price. But this competition is very ſmall in the ſale of a neceſſary of life, little different in its quality, and proportioned in its quantity, to the conſumption of the inhabitants. Under theſe circumſtances, I ſay, competition will never take place, except when the quantity provided is not ſufficient for the demand, and on every ſuch occaſion, prices will riſe conſiderably, and the advantage from the competition will not counterbalance the advantage of a ſteady and regulated price at all times.

Let me here obſerve, that when trade has for its object ſuch goods as are produced or manufactured in different places, under different advantages or diſadvantages, natural or accidental; no exciſes can properly be impoſed; becauſe prices cannot then be put under any regulation. The trade muſt be left free, and thoſe who ſell cheapeſt will ſupply the market.

But in this trade in ſalt the caſe is different. All dealers in it will buy at the ſame price, and all of them muſt ſell with the ſame profit.

There is no riſk or expence which will not be compenſated with a correſponding allowance on the aſſize or price of retail; there can therefore be no occaſion to encourage the ingenuity and ſpeculation of merchants for the ſupplying of markets with this commodity. The ſalt manufactured will be in proportion to the conſumption of the inhabitants; and as the demand for it will be regular, and the

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profits to the dealers in it will be certain, the only objects to be compaſſed by the regulations upon the trade, will be to raiſe a branch of income to the Company; to ſupply the conſumption of the inhabitants at a moderate and fixed price; and to allow a certain and regular profit to the merchant.

Here again the Bank will prove of notable advantage. The undertakers for the ſalt-office in a diſtant part of Bengal, may obtain credit from the Bank at the Company's ſalt magazines, for the quantity required in the diſtrict. It is the intereſt of the Bank to take ſecurity for the delivery of the ſalt into the particular ſalt-office; and when this is done, the general regulations will prevent all abuſes in the retail.

Thus have I endeavoured to lay down the principles of money, as far as they can apply to the preſent ſituation of Bengal, confined to a ſilver currency; and I have provided an expedient which will be ready at hand, whenever circumſtances may require the aſſiſtance of gold: The only thing neceſſary for this purpoſe being to give a legal *denomination* to the gold coins, according to the fluctuating proportion of the metals in the Bengal market.

I have, to the beſt of my information, inveſtigated the cauſes of that ſcarcity of the precious metals ſo univerſally complained of; and in contriving methods for correcting this inconvenience, I have alſo, in proportion to my knowledge of the ſtate of the country, thrown out hints, which people of experience will be better able to improve than I can be to analyze them.

The reformation upon the method of collecting the revenue, directly from the occupiers of the land, the converting of a part of it into goods manufactured, or into articles of ſubſiſtence; the forming of granaries, and the adminiſtration

ſtration of them, muſt be the work of time; and the poſſibility of carrying ſuch ideas into real execution, will be diſcovered by circumſtances only, which have not hitherto exiſted, and which the greateſt human foreſight cannot foretel.

The ſucceſs of the Bank, and the proſperity of paper credit, will ſolely depend upon the nature of the ſecurities taken by the Bank upon iſſuing their notes. If ever this Bank ſhall carry on trade; if ever they ſhall pay for goods with their own paper; if ever they ſhall lend this paper on precarious ſecurity; the ruin of the Bank and of the credit of the Company in Bengal will be the infallible conſequence.

Upon the whole I muſt declare; that throughout this little piece, I have expreſſed my unfeigned ſentiments, without any leaning to party conſiderations: In this I have complied with the deſire and inclination of thoſe who put the ſubject into my hands.

Happy had it been for the Eaſt-India Company, had a perſon of better talents, and more extenſive knowledge in their affairs, undertaken the taſk. *

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* Since printing the above, I have examined, with more attention, ſome of Mr. Hort's calculations, contained in the Miſcellanies now collecting, which relate to the prices of gold and ſilver in the market of Madras. In theſe I find the value of 100 ounces of gold, Britiſh ſtandard, regularly ſtated at 1026 pagodas 8 fanams and 75 caſh. The ſilver varies conſtantly.

Now 100 ounces Britiſh ſtandard gold, contain 44000 troy grains fine; which divided by 1026 pagodas 8 fanams 75 caſh, give for the contents of one pagoda, 42.874 grains fine.

But upon Mr Hort's authority, page 13 of the Miſcellanies, where he gives the expreſs weight and fineneſs of the pagoda, upon which I relied; I ſtated its value in the new regulations at about 45 ½ grains of fine gold. This is 6 ½ per cent. difference; which is certainly too much for coinage, unleſs he charge it on the gold and deduct it from the ſilver.

In this uncertainty I muſt advertiſe; that before any regulation can be made as to the currency of pagodas, in exchange for the gold rupees propoſed to be coined in Bengal, a more ſtrict examination muſt be made into the real value of the pagoda.

With reſpect to the proportion between gold and ſilver in the market of Madras; it may eaſily be diſcovered, by comparing the price of 100 ounces of Britiſh ſtandard gold, with the price of 100 ounces of Britiſh ſtandard ſilver, when both are valued by the pagoda.

100 ounces of Britiſh ſtandard gold, contain 44000 grains troy fine.
100 ounces of Britiſh ſtandard ſilver, contain 44400 grains troy fine.

If therefore 100 ounces Britiſh ſtandard ſilver be worth 66 pagodas 30 fanams 32 caſh, as in page 12 of the Miſcellanies it is ſaid to have been in Auguſt, 1753; then the proportion of ſilver to gold is as 15.49 is to 1.

If 100 ounces of this ſilver be worth 75 pagodas 5 fanams 42 caſh, as in page 41 of the Miſcellanies it is ſaid to have been in May, 1771; then the proportion of ſilver to gold is as 13.78 is to 1.

If the ſame quantity of ſilver be worth 79 pagodas 3 fanams 73 caſh, as it is ſaid to have been in July, 1771; then the proportion is as 13.09 is to 1.

On the other hand, if we ſuppoſe the actual proportion of the metals in the market of Madras to be known, it is eaſy to diſcover what ought to be the price of 100 ounces of Britiſh ſtandard ſilver.

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Let me, for the ſake of an example, ſuppoſe the proportion of the metals to be as 12 is to 1. Then, in order to know the value of the 100 ounces of ſilver, divide 44400 by 12; the quotient will be 370. Divide this again by 42.874 (which we ſhall ſuppoſe to be the grains of fine gold in the pagoda) the quotient will give the value of 100 ounces of Britiſh ſtandard ſilver; namely, 86 pagodas 10 fanams 58 caſh.

This ſeems to be the beſt method for the Company to diſcover the value of the ſilver they ſend to Madras; when they know the exact proportion of the metals in that market; and the exact weight and fineneſs of the pagoda; all prices of coinage, &c. being thrown out of the calculation.

FINIS.

APPENDIX.

THE preceding Diſſertation was at firſt intended as a private information only, for ſome of the gentlemen in the direction of the Eaſt-India Company. When it was looked into, it was thought proper to have it printed, that every one concerned might have an opportunity to give his ſentiments, and form objections to it. For this purpoſe, when it came from the preſs, many copies were diſtributed, with white paper interleaved. Some miſtakes were diſcovered, and corrected in the ſecond edition. Some objections were made, to which I offered what I thought ſufficient anſwers.

I muſt now follow the ſame method with reſpect to an author, who from the high office he has held in Bengal, deſerves every attention of politeneſs, and even (from the ſuperior lights and knowledge, which his great and long experience muſt naturally have procured him) a deference to his opinion in doubtful points. He muſt pardon me, however, if I candidly explain to him ſome particulars, which may have eſcaped his notice, in the very curſory peruſal he ſeems to have beſtowed on my work.

In compoſing the diſſertation, I had in my eye three different objects; the firſt was to extract, from the third book of my Political Œconomy, as many of the principles relating to money, as it might be neceſſary to apply to the coin of Bengal: I therefore judged it improper to enter into the principles and method of eſtabliſhing a *mean unit* of money of account, which becomes abſolutely neceſſary, upon every occaſion, where ſpecific coins of gold and ſilver are intended to paſs in circulation by legal denominations; but which is quite unneceſſary when we adopt a ſilver ſtandard. I likewiſe paſſed over, very curſorily, the principles upon which a ſeignorage upon coin may be impoſed, exceeding the bare expence of fabrication.

The reaſon of my omitting the principles upon which the *mean unit* is eſtabliſhed, was becauſe the Company were averſe to any other ſtandard for the Bengal coin than that of ſilver: And thoſe with reſpect to ſeignorage were alſo unneceſſary; becauſe they reſolved to impoſe no more than $2\frac{1}{2}$ per cent. which, all circumſtances conſidered, will not be more than ſufficient to defray the expence of a well regulated mint, at leaſt for ſome time.

The ſecond object of my attention, was to inform myſelf concerning the preſent ſtate of money in India, the method of reckoning the coins which circulate, and the nature of their batta and ſhroffage. My intention in this was in order to avoid innovations as much as poſſible, and to form a ſet of regulations, nearly conſiſtent with the eſtabliſhed notions of the inhabitants with reſpect to money.

My third and laſt object was to ſeek for illuſtrations, taken from the preſent defects of our own coin, with a view to point out thoſe defects, and to render a remedy

a remedy againſt them ſomewhat better underſtood by the generality of people than I think it is at preſent.

In peruſing, therefore, this diſſertation, it is neceſſary to attend a little to the reaſoning, ſo as to diſtinguiſh what part of it is intended to apply to general principles; what part to the coin of Bengal; and what part to the coin of Great-Britain.

I think I have reaſon to make this remark; becauſe in the publication, intitled, *A View of the Riſe, Progreſs and preſent State of the Engliſh Government in Bengal, by Harry Verelſt, Eſq; late Governor of Bengal*, who has animadverted on ſome parts of this diſſertation, ſufficient attention has not been paid to the circumſtances I have juſt mentioned. This will appear from the anſwers I am now to make to his objections. I ſhall follow this author in the order he has obſerved himſelf, in the third chapter of his book.

At page 87, he ſays, "A writer of reputation has here employed his pen, "and added the errors of his own ſpeculations to thoſe which miſinformation, "reſpecting aſſumed facts, has neceſſarily produced. He ſuppoſes the *current* "rupee, like the pound ſterling in England, to be the general money of "account in Bengal. A ſlight attention to the term *current*, evidently derived "from the Latin, would have ſhewn it to be of european extraction; and in "fact the expreſſion is wholly unknown to the natives, who make uſe of the "*ſicca* rupee, that being the eſtabliſhed coin of the country. This error would "ſcarcely have deſerved notice, but that many ſuppoſed conſequences, which, "were the fact true, would by no means follow, have been labouriouſly "deduced from this miſtake."—To this I anſwer, that although a ſlight attention to the etymology of the word *current* might impreſs a perſon with our

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author's notion, a ſtricter attention to other Circumſtances, will probably engage him to form a different opinion.

It is certainly true, as Mr. Verelſt himſelf acknowledges, page 95, in the note, that the *batta*, eſtabliſhed upon the *ſicca* rupee, is a cuſtom which prevailed long before europeans had obtained any authority in India. This being granted, I aſk, how is it poſſible that any batta ſhould be impoſed, had there not been ſome fixed money previouſly eſtabliſhed, to which it could refer? Conſequently an *ideal* rupee, call it what you will, cannot be of a later date than the *batta*. This I think is ſufficient to prove, that the uſe of an *ideal* rupee in Bengal is more ancient than the date of european influence over the money of Hindoſtan.

I muſt next obſerve, with reſpect to the general uſe and notoriety of this money amongſt the inhabitants of Bengal, that the value of all the coin in circulation is aſcertained to the proportion of this ideal ſtandard. The arcot rupees carry the proportion of 8 per cent. above it: The duſs maſſa rupees of 10 per cent. the ſunat rupees of 11 per cent. the ſiccas of two years of 13 per cent. and the ſicca itſelf, during its firſt year's currency, of 16 per cent. and as much more as government have a mind to give it. Is it not by this *ideal* rupee that the ſhroffs every where value the ſilver coin of all kinds, and not according to the ſicca rupee as our author ſuppoſes, page 93, l'ne penult? Is it not by this money that the ſilver coin iſſued by the mints is reckoned? Is it not true, that lacks of rupees are valued in this money by the princes of Hindoſtan, as well as by the europeans? Is it not by this money that all european exchanges are regulated? Is it not by this money that Mr. Verelſt has ſtated the Bengal revenues, &c. at the 82d page of his book? Are not the accounts of the Company, and of all merchants in India kept in this money? And I aſk in the laſt place, if it would not be impoſſible, as matters ſtand in Bengal,

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to carry on any commerce without the uſe of it? If theſe queſtions be anſwered in the affirmative, I have occaſion for no better proof of the notoriety and uſefulneſs of the rupee *current* all over Bengal. I do not ſay however that it is the *general* money of account among *all* the inhabitants; many people, no doubt, do reckon by ſuch ſilver rupees as are moſtly current among them; as in England, many perſons reckon by guineas, although the pound ſterling be the ſtandard denomination. But ſetting aſide all the above arguments in favour of the uſefulneſs of the current rupee, I ſay the common people of Bengal have no more to do with it *in common circulation*, than the people of England with the pound troy; the one and the other, as far as reſpects the coin, are mixt regulations merely.

The next objection to my diſſertation, I find at page 87, paragraph 3d, in theſe words:

"However, *the coins of a country may be changed for convenience*, this writer "would always have *the denominations given to the new coins conſtantly preſerve an* "*exact proportion of value to this ſtandard unit*, or current rupee, *by which* "*accounts are kept*; if by theſe expreſſions be meant, that the unit ſhould "expreſs a certain quantity of the precious metals, and that the denominations "of all coins ſhould conform to that unit, according to their intrinſic value, "it is ſufficient to ſay, that the ſame thing is effected by giving a certain "denomination to a certain quantity of ſilver, as in the ſicca rupee, which "is the ſole coin legally current in Bengal. The author plainly intends ſome"thing more, becauſe the change here ſpoken of is upon a ſuppoſed variation "in the relative value of gold and ſilver, in which caſe the ſame denomination "of value can no longer expreſs the ſame quantity of the reſpective metals as "it did before."

In this paragraph, the governor, from inadvertency I ſuppoſe, has hurt my delicacy, and at the ſame time confounded general principles with the particular application of them, to the ſubject of the Bengal coin. It is evident that I never could allude to the current rupee, in ſpeaking of a change upon coins, in conſequence of a ſuppoſed variation in the relative value of gold and ſilver. Had he given the ſmalleſt attention to the nature of the ſilver ſtandard affixed to the current rupee, he would have ſeen, that no variation in the relative value of the metals can ever affect it. From this circumſtance proceeds my objection to the adopting of a ſilver ſtandard; becauſe it is impoſſible that it ever can preſerve the ſame uniform value. This I have proved in the diſſertation, in words nearly ſimilar to thoſe employed by the author to prove the ſame thing; ſo with reſpect to the defect of a ſilver ſtandard we perfectly agree. This ſtandard however, 'till very lately, was that of Holland; it was alſo that of England, until guineas were made a lawful tender in payments; it has ever been that of Bengal; and in the opinion of the late Mr. Harris, one of the beſt writers on the ſubject of money, it ought ſtill to be adhered to in the Britiſh mint; and it was the choice of the Eaſt-India Company preferably to any other. Whoever is deſirous to ſee a full ſtate of the arguments for and againſt the ſilver ſtandard, will find it in the Political Œconomy, Book 3d, part 1ſt, chap. 3, 5, and 13.

The next objection contained in the laſt extract from our author is, that I might equally have fixed the ſtandard *to the quantity of ſilver contained in the ſicca rupee.* To this I anſwer, that I have done the one and the other: I have aſcertained the quantity of fine ſilver in the *current* rupee, and alſo in the *ſicca* rupee. Had I followed his notion, and made the ſicca rupee the only ſtandard, without fixing any for the current rupee, I aſk what denomination I ſhould have given

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to the quantity of ſilver in the *ſicca* rupee? Ought I to have made the *ſicca* the general unit of money of account, as well as the capital denomination of the coins? If ſo, at what rate ought I to have fixed it with reſpect to the preſent currency? Ought I to have fixed it at the rate of 116, or at the rate of 113, or at the rate of 111? For the *ſpecific quantity of ſilver contained in the ſicca* circulates (according to its age, not according to its wearing) at theſe different rates.

He adds further in this place, "All our ideas are derived from the im-
"preſſion of material ſubſtance; he who uſes a term not expreſſing ſome ſuch
"impreſſion, diſcourſes without an idea; and until this difficulty be reſolved,
"it is a vain attempt to reaſon." And in the note, "Standard unit muſt
"here be the name of an individual exiſtence, or it means nothing."

I agree with our author, that if a ſtandard unit be not a fixed and determinate ſubſtance, we diſcourſe without an idea; and therefore I would have it to be underſtood, that the unit of money, as affixed to the current rupee, is a determinate and invariable thing, namely, 163.228 troy grains of ſilver, of the fineneſs of $\frac{968}{1000}$ parts, as it is ſaid in the diſſertation, page 47, § 4. This unit therefore does not repreſent (as our author has underſtood it) a certain quantity of each metal; it repreſents a certain quantity of ſilver only, to which metal alone the Company inclined to fix their ſtandard. And therefore I have intended nothing more than what I have expreſſed.

To avoid the palpable inconvenience of a ſilver ſtandard, I have propoſed a coinage of *gold* rupees, of the ſame weight and fineneſs with the *ſilver* rupees; without giving to this gold coin any legal denomination. In this, I have followed the ancient practice, not only in India, but in ſeveral eu-

(99)

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ropean nations, and in England amongſt the reſt, where the gold coins were left to ſeek their value, in proportion to the ſtandard ſilver currency. This regulation, I muſt here obſerve, does not remove the objections againſt a ſilver ſtandard; it only renders the currency of gold coin compatible with the currency of the ſilver; and whenever the Company think proper they may abandon their ſilver ſtandard, and adopt that of the *mean* proportion of the metals, without the ſmalleſt injury to others, or the leaſt inconvenience to themſelves.

I ſhall not ſwell theſe anſwers, by pointing out the method of affixing the *unit of Money* to the *mean proportion* of the metals. Our author is of opinion, page 91, that this is impoſſible *to be done:* Upon peruſing the chapters above cited from the Political Œconomy, he may perhaps change his opinion.

The next objection propoſed by this author, I find in the 2d § of the 89th page, where he ſays, "In the farther progreſs of his reaſoning, the author "above-mentioned contradicts himſelf. He proves what no man wants to "ſee proved, that debaſing the legal coin will leſſen the value of the unit, or "money of account, but how is this conſiſtent with his former notion of the "unit being itſelf a ſtandard?" Here again, general principles have been confounded with particular applications of them; I have ſhewed how the debaſement of our guineas affects the value of the pound ſterling; but I obſerve at the ſame time, that the unit of the Britiſh money, the pound ſterling, is no where the ſtandard, except in the mint: In circulation, the value of it depends entirely upon the coin. Were the pound ſterling in England affixed to the legal weight of ſtandard metal in the coin, and not to the ſpecific coin, let it be worn or not, then the debaſement of the coin would affect the coin only; that is to ſay, the wearing of one guinea would render *that guinea* only of leſs value; but as matters ſtand, the wearing of the guineas in general debaſes.

baſes the value of the pound ſterling. Had I indeed ſaid, that the debaſing of the legal *coin* would leſſen the value of the *unit*, although the *unit* be made the ſtandard of the *coin*, I ſhould not only have contradicted myſelf, but have advanced a palpable abſurdity.

Let me explain this from the Example mentioned by the author, page 90. "Should, for inſtance, a law paſs in this country, that ten ſhillings in future "ſhall be equal to a pound ſterling, this law might ſeem to raiſe the value of "the ſhilling, and to make the pound the ſtandard of eſtimation: But no "ſuch conſequence would follow: The ſhilling would not purchaſe a greater "quantity of any commodity."

This reaſoning is ſound and good, and ſerves to confirm my principle, which is, that by fixing the ſtandard to the unit of money of account, you render it impoſſible to make any ſuch operation upon the coin, as is here deſcribed. Were, I ſay, the ſtandard of the pound ſterling affixed, as by ſtatute it ought to be, to 1718.7 grains troy fine ſilver, how could ten ſhillings, which contain but one half of this quantity, ever be declared to be a pound ſterling? But ſo long as the weight and fineneſs only of the ſhillings are determined, theſe ſhillings may receive whatever denomination government thinks fit to give them. By aſcertaining, as I have done, both the unit of *money*, and the ſtandard denomination of the *coin* to ſpecific quantities of fine ſilver, in circulation, as well as at the mint; I have put an end to all ſuch variations as are here mentioned; as alſo to all battas, and to the pernicious influence of the wearing and other debaſements of the coin.

Page 90, our author ſays, "If the *coin* be the ſtandard, reſpecting the *unit*, "by what relation can the value of the coin be itſelf aſcertained? The natural "criterion is the price of bullion in the market."

But the true principle is, that the value of the coin, that is to say, the denomination of it, ought to be in the exact proportion of the fine metal, contained in the *ſtandard unit*, to that contained in the *ſtandard coin*. Example; If the fine ſilver in the *ſtandard unit* be as 10, and in *a particular coin* be as 20, ſuch coin ſhould carry the denomination of two units: Whereas were the price of bullion in the market to regulate the currency of the coin, coin never could carry any fixed denomination; nor could it ever exceed the price of bullion.

Page 92, at bottom, "Ought a ſovereign to make the denomination of coin "to correſpond exactly with the price of bullion, according to the pure metal "contained in the coin? An exact conformity is recommended by the writer "above-mentioned; nevertheleſs it appears, that the denomination of the coin "ought to exceed, in a certain degree, the price of bullion, or it will be im-"poſſible to preſerve the coin in circulation."

In this place I have not been underſtood by our author. Coin, in my opinion, ought always to carry an advanced price above bullion; not from the authority of the prince, but from the nature of the duty of coinage, when rightly impoſed. For a proof of this poſition, I muſt again refer to the third book of the Political Œconomy, where this principle is abundantly explained. I muſt farther add, that the value of money is quite independent of the value of commodities. Money draws its value from the metals alone: If we ſeek for any other meaſure independent of the metals, we involve ourſelves in an inextricable maze, as appears from our author's 3d § of page 90.

I have ſaid in the diſſertation, that if no perſon can coin but one, that one may put a value upon his coining, as any artiſt can put a value upon an art, which

which he alone poſſeſſes, unrivalled by any other. "If by this phraſe be meant," ſays our author, page 92, "that he may put an arbitrary value upon the coin "to any extent, it is not true, unleſs he could alſo compel men to become pur- "chaſers." I agree with him; there may be an extent, beyond which this power may not extend: But this is equally true with reſpect to the artiſt. This queſtion, relating to the principles which regulate the impoſition of a duty of ſeignorage upon the coin, I avoid entering into, for the reaſons I have already given: Whoever is curious to inveſtigate this matter, may conſult the 2d and 4th chap. of the 2d part of the 3d book of the Political Œconomy. All that is neceſſary to be obſerved in this place, with reſpect to the nature of the compul- ſion laid upon men to become purchaſers of coin, ſo burdened, is this. Whe- ever a man owes money, he becomes obliged to find it ſomewhere; and if it can- not be found, except at the mint, he muſt pay this duty, before he can there obtain it. From which it is evident, that ſo long as debts can be paid with bullion, or any other coin than what is coined at the mint, no duty of ſeignorage can be impoſed; and it is for this reaſon, that in France, where this duty has been carried to the extent of 8 per cent. no other than the legal coin of the kingdom is ſuffered to circulate by denomination.

For the ſame reaſon, ought all the coin of Bengal, not coined according to the regulations of the mint, to be proſcribed in circulation. This will more effectually carry it to the mint, than any compulſion which can be deviſed.

In page 93, § 3d, our author gives an account of the nature of the batta, and of the reaſon for impoſing it in favour of the *ſicca* rupees. "Theſe," ſaith he, "are raiſed above the value of bullion, to the denomination of 116, but this "is *moderated* by an annual diſcount, the denomination ſinking gradually in "three years, in the proportion of 116 to 111. Various other rupees, differing

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" from each other in weight, fineneſs and impreſſion, are applied to the purpo-
" ſes of commerce; but before they can be received, it is neceſſary to eſtimate
" the intrinſic value of each piece, and calculate the price of the whole maſs
" by relation to the ſicca rupee.* To adjuſt this variety of exchanges is become
" a ſcience too intricate for the attention of merchants, who are obliged to retain
" in their ſervice a ſet of men called ſhroffs, bred up in the profeſſion of ex-
" changing money." And § 2d, page 94, he adds, " The ſovereign thought
" it neceſſary to intereſt the body of the ſhroffs in the preſervation of the coin;
" and had, for that purpoſe, eſtabliſhed an annual diſcount or batta on the
" ſicca rupee. At the expiration of three years, when thoſe ſicca rupees, then
" called ſunats, paſs at $\frac{3}{116}$ parts of the original denomination, they are carried
" to the mint, chiefly by the ſhroffs, who receive them back recoined, and con-
" ſequently raiſed in value to 116, the firſt and higheſt denomination, deduct-
" ing the expence and duties of coinage, amounting to ſomething more than 2
" per cent. by this operation, the ſhroffs gain nearly $\frac{3}{116}$ parts upon the value
" of the coin every third year; an advantage wholely confined to the ſicca
" rupee."

The deference I have to the authority of our author, in doubtful matters of fact, prevents me from making any objection to this repreſentation. I thought indeed, that the batta, impoſed in favour of the new ſicca rupee, had been for the advantage of the prince, and not in favour of the ſhroffs: But ſince he ſays, that the ſhroffs gain $\frac{3}{116}$ parts upon the coin *by the permiſſion of government*, it is no more a wonder that the Eaſt-India Company ſhould make no profit upon the coinage of ſiccas. I confeſs, I diſapprove of the whole ſyſtem of battas and

* I have taken notice already of what our author here ſays of the converſion of coins to the ſicca rupee; my information is, that the current rupee is generally the ſtandard of ſuch converſions: No doubt, if it be neceſſary, upon a particular occaſion, the converſion may be made to the ſicca, to the arcot, or to any other value whatſoever.

and ſhroffage; I think they are contrary to principles; but as our author has not *expreſsly* declared his approbation of them, I ſhall ſay nothing more upon the ſubject. He acknowledges indeed, page 95, § 3d, that, " The debaſement of " other rupees has given riſe to a miſchief, which is now become a great ob- " ſtruction to commerce, and tends much to the diſcouragement of induſtry; " as the intrinſic value of ſuch rupees is found perpetually to vary, the ſhroffs " place thereon an *arbitrary* batta, or, in other words, receive them at a diſ- " count, ſuch as they can ſettle with the poſſeſſor; the profit thus made, being " repeated at every payment, is a heavy charge on the circulating ſilver; and " perhaps no effectual remedy will be found, unleſs the Company was to coin " all thoſe rupees into ſiccas when received into payment of the revenues."

In anſwer to this, I propoſe a very eaſy remedy; which is, to receive no ſuch rupees in payment of the revenues, but to leave it to the holders of them, to have them recoined at the mint before they be paid, and to oblige the mint to receive them from the holders, in proportion to their fineneſs and expence of refining, at the legal mint price of ſtandard bullion, which will be an advantageous bargain to any one, who, for want of ſuch a regulation, is obliged to have recourſe to a ſhroff. At this place, page 95, the author ſubjoins a note, in which he ſays, " To many other miſtakes this author has added one reſpecting " the profits of recoinage, from which he ſuppoſes the Company derive no " advantage." To this I anſwer, that if the ſhroffs gain, as he ſays they do gain, $\frac{3}{176}$ parts upon the value of the coin every third year, it is difficult to diſcover from whence the Company's profit can ariſe; for the $\frac{3}{176}$ parts which remain will hardly do more than defray the expence of melting, aſſaying and recoining the Sunats a-new, which he ſays is the practice; this again is a fact which I ſhall not controvert: But I ſay, if the mint do actually melt down, aſſay, and recoin the ſunats of full weight, it is a great mark of their probity. In the

year 1715, at the beginning of the reign of the preſent king of France; all the coin of his predeceſſor was reſtamped, without the mint's being at the trouble of melting down one ſingle louis d'or. If he ſtill affirm, that the Company may make a profit upon the recoinage of ſuch ſunats as are paid in at their treaſury; I anſwer, that this profit muſt be very ſmall, while thoſe who pay them in, may themſelves gain the $\frac{3}{17}$ parts, by having them recoined upon their own account.

Nothing now remains but to make a few remarks upon our author's account of the coinage of gold mohurs in 1766, from page 96 to the end of the 3d chapter.

I have proved, that (ſuppoſing the proportion of gold to ſilver to have been as 1 is to 14) the gold in this coinage, 1766, was over-rated 17½ per cent. I ſtated the proportion of the metals at 14 to 1, on the authority of Mr. Campbell's letter, which is found in the governor's appendix, page 240, where in § 4, it is ſaid, "That the par of exchange, between the gold mohurs and the ſilver ſicca "rupee, ſhall for the preſent be eſtimated at the rate of 14 to 1, reckoning "upon the intrinſic value of either." This was authority ſufficient for me to go upon. But the governor in a note at the bottom of this page, ſays, that inſtead of *intrinſic*, ſhould be read numerary. I have, as I have frequently ſaid, the greateſt deference for his authority in matters of fact; and he may very probably have a copy of this letter, where *numerary* may be found inſtead of *intrinſic*; but however I may ſubmit to his authority as to a fact, I cannot ſubſcribe to the reaſon he gives for this fact, which is, in theſe words, "That the "ſenſe requires *numerary* is evident, from the preceding regulations, ſtated in "the letter, by which it appears, that the gold mohur contains more *pure gold* "than the ſicca rupee contains *pure ſilver*; yet they are numerically exchanged "as 1 to 14."

(106)

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I muſt aſk the governor how this can poſſibly be true? the gold mohur contained $\frac{1}{6}$ part of alloy, the ſicca rupee $\frac{1}{36}$ part only; and they were both of the ſame weight. How then could the gold mohur contain more *fine gold*, than the ſicca rupee contained *fine ſilver?* The great error in this coinage was, that the mohur contained much *leſs* gold than it ought to have done in proportion to its denomination. It is ſaid in § 5 of this letter, "The value of the mohur "is calculated from the generally received exchange of gold and ſilver, *and* "*not upon the market price of gold*, which fluctuates daily." In this lay the capital error. It is the market price of the metals in the place where the coinage is made, which ought alone to regulate the denominations of the coins, both of gold and ſilver; when the proportion is once determined according to the actual market price, and the coins denominated accordingly, then let the proportion of the metals in the market vary afterwards as it will; the inconvenience, proceeding from the variation, with reſpect to the two ſpecies of coins will be avoided, by ordering payments to be made, one half in gold, and one half in ſilver, when required by the receiver. But I avoid entering deeper into this queſtion; it will be found diſcuſſed at large, in the 3d book of the Political Œconomy. I can eaſily make allowance for ſuch a miſtake *in a mint regulation* in Bengal. I have ſaid ſo in my diſſertation, and I have given my reaſons for it.

I can alſo make allowance for ſome expreſſions of our author, which inſinuate, as if, with a bad intention, I had invented ſome of the principles I have laid down in the diſſertation; it is ſaid, page 93, § 2d, "That by fallacious ar-guments, founded on erroneous principles, "I have deduced many important "conſequences reſpecting the Company's revenue, and the meaſures adopted by "their ſervants." And in page 88, that, "I meant more than I have expreſſ-"ed," which carries an ugly inſinuation: I ſay I can make allowance for ſuch expreſſions; cuſtom has authorized the uſe of them among writers of a certain claſs; and indeed moſt publications on political ſubjects give but too good ground for them: Had I like other writers juſtly incurred the ſame imputation, I ſhould be ſo far the more inexcuſable, as I had no *intereſt* in the matter.

107 End

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